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TODAY:  
STAGE

## European Police Detain Algerians 5 Nations See World Cup Threat

By Barry James  
International Herald Tribune

BRUSSELS — Police in five European countries on Tuesday raided the homes of people suspected of supporting an Islamic extremist group in Algeria. Officials said the coordinated operation — in Belgium, France, Germany, Italy and Switzerland — was aimed at forestalling the threat of terrorist violence during the World Cup soccer tournament, which opens in France next month.

France was the scene of a series of bomb attacks by Algerian Islamic militants three years ago in which eight people were killed and 170 were wounded, and officials were clearly concerned about the possibility of new violence during events that will draw hundreds of thousands of spectators and be seen by a worldwide television audience of billions.

The raids, which officials said had been planned for months, were coordinated by anti-terrorist investigating judges in France, where officials said the police raided 43 locations in Paris, Lyon and Marseille and on the island of Corsica. The officials said 53 people were detained for questioning, including one man wanted in connection with a failed bomb attack in Paris last month.

Suspects in France can be held for up to four days without charges. Other European countries have similar rules on the detention of suspects in criminal and anti-terrorist investigations.

In Karlsruhe, Germany, the federal prosecutors office said the police raided seven locations and seized video cassettes, computer disks and papers.

"The investigations are into Algerian citizens suspected of belonging to a group that provides explosives and logistical support to Islamic extremists in Algeria, principally the GIA," the statement said. The GIA is the Armed Islamic Group, the most radical of the terrorist groups seeking to overthrow the government of Algeria.

The police said they had detained two Algerians suspected of being aides to a top Islamic Group leader.

Officials contend the group is responsible for a wave of massacres in Algeria, where an estimated 65,000 people have been killed since 1992, when the military government canceled elections that an Islamic fundamentalist party was on the verge of winning.

There was no indication that any specific terrorist

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British war veterans turning their backs in protest Tuesday of the Japanese entourage.

## Emperor Gets Mixed Reception British War Veterans Protest as Queen Welcomes Akihito

By T. R. Reid  
Washington Post Service

LONDON — The emperor of Japan has arrived in Britain to what can only be called a mixed reception: a royal welcome at Buckingham Palace, and racist epithets in the popular press.

The state visit this week by Emperor Akihito has sparked a sharp split among the British. The controversy pits the bitter memories of a group of British World War II veterans against the eagerness of a younger generation here to cultivate Japanese friendship, markets and investors.

British media coverage of the visit has been strongly supportive of the veterans — and has demonstrated that racial insults and stereotypes that would be taboo in the American press, or in Japanese publications, for that matter, are still standard headline material for the British.

The country's largest-circulation newspaper, The Sun, refers to the controversy over the emperor's visit as the "Jap Row." Speakers on television and radio talk shows routinely use similar terms.

The word "Jap" is a deeply offensive term of racial bias, a Japanese government spokesman, Sadaaki Numata, said. "It is painful that some British media still use it so freely."

Emperor Akihito has received a formal greeting with all the trimmings from his old acquaintance, Queen Elizabeth II. Among many other activities Tuesday, she named him a Knight Commander of the Most Noble Order of the Garter, the palace's highest title of chivalry.

Prime Minister Tony Blair also offered a warm welcome to the visitor. He called on all Britons to "celebrate the relationship that now exists" be-

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## South Korea Girds For General Strike

By Don Kirk  
International Herald Tribune

SEOUL — A militant South Korean labor confederation called Tuesday for a general strike to start Wednesday, defying government warnings of a crackdown and sending stocks tumbling sharply for the second day in a row to their lowest point in more than a decade.

After 32,000 workers at Hyundai Motor Co. voted to go on strike for at least two days to protest planned layoffs, the Korean Confederation of Trade Unions said 120,000 of its 600,000 members at 90 heavy industrial concerns would join in the walkout.

The strike threat, along with fresh signs of increasing corporate debt and the falling value of the yen against the dollar, have all conspired in recent days to pummel the stock market as they heighten fears that South Korea's economic problems are growing.

Throughout Tuesday, investors unloaded shares with increasing velocity, leading Yonhap, the semi-official national news agency, to warn of "panic over a possible market breakdown."

After falling 6.7 percent Monday, the benchmark index fell 20 points, or 0.6 percent, to close at 311.99, another 11-year low. Many market observers predicted that stocks would quickly fall through the 300 barrier.

Hyundai Motor shares have fallen 40.8 percent in the past three months.

The continued decline of the stock market was a bitter disappointment to government officials, who had believed the economy was slowly recovering from the depths of December, when the nation was close to bankruptcy.

After hanks and companies managed to meet debt obligations as a result of a rescue package of nearly \$60 billion pieced together by the International Monetary Fund, the market edged up to

a high for the year of 591.7 points in late March.

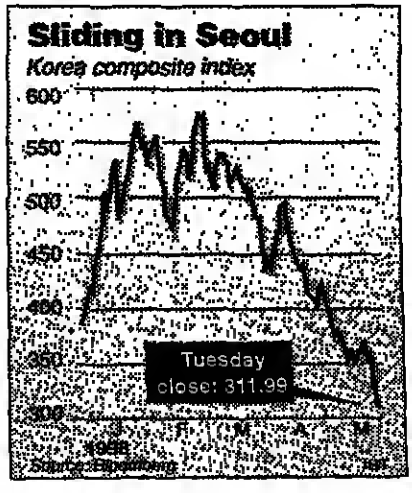
Officials had expected foreign investors to shore up the market after abolishing the 55 percent ceiling on foreign ownership of private companies beginning Monday, but investors paid far more attention to the negative signs in the economy.

"There was a misguided belief there would be a strong interest in the blue-chips on the expectation of a buying binge from foreign investors which did not materialize," said Edward Campbell-Harris, director of Jardine Fleming Securities in Seoul. "The country is paying a heavy price for the mistakes of the last decade."

Once the word spread that the foreigners were not buying, Mr. Campbell-Harris said, the market went into "a bit of a free fall, and it also didn't help to have the news of the strike."

Foreign investors, according to Mr. Campbell-Harris, showed interest in only one major company, Pohang Iron

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## As Economy Deteriorates, Russia Asks IMF for Help Markets Find Fault With Plan to Raise Revenue

By Daniel Williams  
Washington Post Service

MOSCOW — Its currency and stock markets reeling in the face of mounting economic woes, Russia has asked the International Monetary Fund for new, cheap loans to prop up its finances.

The request came during a tumultuous week in which the stock market extended four weeks of decline, interest rates in the bond market soared above 60 percent, striking coal miners tied up the country's rail traffic and the month-old government of Prime Minister Sergei Kiriyenko announced sweeping plans to raise revenue and cut spending.

Russian officials were reluctant to discuss their IMF request, apparently for fear of further upsetting investors.

"We have been negotiating possible financial support for Russia with both the IMF and the World Bank," Deputy Prime Minister Viktor Khristenko said Tuesday. Finance minister Mikhail Zadornov said it was "premature to speak about the size of such a loan or about possible creditors."

Asked what the government would

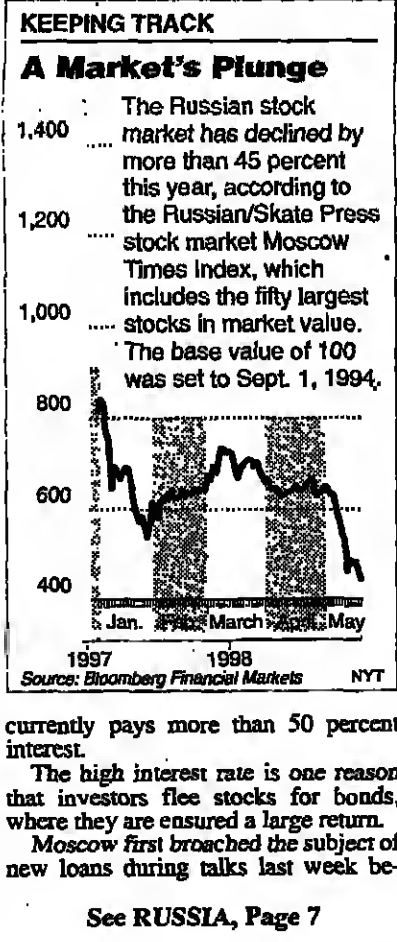
do to normalize Russia's financial markets, however, Mr. Zadornov acknowledged something must be done soon.

"The situation can't fluctuate like that for long," he said.

On Tuesday, the main Russian stock index fell 1.9 percent, bringing the year-to-date decline to 47 percent, while debt yields soared on doubts the government would manage to cut spending and raise revenue. The Russian/Skate Press stock market Moscow Times Index, which tracks the fifty largest stocks in market value, fell 3.05 percent, to 432.52.

Investors were registering their skepticism about the government's plan to lift revenue by as much as 14 billion rubles (\$2.27 billion) this year and cut spending by 40 billion rubles, in part by reducing energy use at state organizations. The plan, outlined Tuesday, also calls for the government to buy most of its offer of 12 billion rubles in debt at the weekly auction Wednesday to help keep yields down.

A new low-interest IMF loan would reduce pressure on the budget by being used to retire expensive, short-term domestic loans on which the government



See RUSSIA, Page 7

## German Opposition Advertises a Cabinet

By John Schmid  
International Herald Tribune

FRANKFURT — In an early indication of the faces that could make up the next German cabinet, Oskar Lafontaine, chairman of the opposition Social Democratic Party, was presented Tuesday as the next finance minister, if the party prevails in the September election.

SPD deputies meeting in Bonn backed the choice of Mr. Lafontaine, who is closer to the left wing of the party than its front-running candidate for chancellor, Gerhard Schroeder.

As finance minister, Mr. Lafontaine would occupy one of Germany's most critical international jobs and the second-most important domestic post behind the chancellor.

The posting, if confirmed after the Sept. 27 vote, would give an old-style socialist a post that is usually reserved for preaching Germany's austere brand of fiscal rectitude at international summit meetings.

"Oskar Lafontaine will employ his energies in the areas of finance and European policy," Mr. Schroeder said.

By naming most of his potential ministers, Mr. Schroeder, who has been criticized for his ambiguous positions on key issues, effectively has drawn his first sharp contrasts with the center-

right government of Chancellor Helmut Kohl, who has presided over Germany for a record 16 years.

[Mr. Kohl's conservatives denounced the choice, adding that other personnel decisions presented by the SPD on Tuesday were "the beginning of Schroeder's end," Reuters reported.]

Mr. Lafontaine, whose position as party chairman gives him strong influence over party postings, seems to be an unlikely choice to replace Theo Waigel, the country's longest-serving finance minister.

Against the odds, Mr. Waigel has managed to impose an austerity program on West Germans and overcome the massive deficits of German unification to meet the strict fiscal benchmarks mandated by Europe's single currency.

By contrast, Mr. Lafontaine has close ties with German unions and is a defend-

er of the generous welfare system.

Unlike Mr. Kohl and his allies, Mr. Lafontaine supports a shortened 32-hour workweek and higher wages.

Mr. Lafontaine's most dramatic gesture in the past year was his crusade in the Bundestag, the upper chamber of Parliament, to bury Mr. Waigel's overhaul of Germany's complex tax system, a plan that international economic organizations viewed as Germany's best answer to the chronic unemployment crisis. He argued that Mr. Kohl's tax reform benefited the rich at the expense of the poor.

Mr. Schroeder had wanted to announce his team next month. But by moving his announcement up to Tuesday, he put a face on his proposed government a day after Mr. Kohl fired

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## Jakarta Faces a Long Slog To Establish Democracy But the Pressure for Change May Be Irreversible

By Michael Richardson  
International Herald Tribune

JAKARTA — When the gates of Cipinang Prison here swung open Tuesday to release two of the most prominent detainees of the Suharto era, they seemed to signal the opening of public expectations of far-reaching reforms in one of Asia's last remaining autocracies.

For more than 30 years, until he was forced to resign Thursday in a wave of protests and riots, President Suharto systematically centralized power in his own hands, bending Parliament, elections and the nation's political parties into instruments to routinely endorse his rule.

From the early 1980's, economic liberalization in Indonesia started to create an increasingly large and vocal middle class. But unlike the changes that occurred in the authoritarian structures of the Philippines, South Korea and Thailand, greater economic freedom in Indonesia was not matched by moves toward political freedom.

Now, suddenly, the world's fourth most populous nation seems to be moving at a pace the government can barely

control toward real political competition and accountable rule.

"This is just the starting point for a total reformation of the country," the political dissident Sri Bintang Pamungkas shouted to hundreds of jubilant supporters who gathered outside the prison to welcome his release and that of the labor leader Muchtar Pakpahan.

Nurcholish Madjid, a Muslim leader who was privy to the public and private machinations that brought about the end of Suharto's rule, said: "This is the first time in our history that we have had a real chance to establish democracy."

He and several other leading reformers met Tuesday with Mr. Suharto's successor, President B.J. Habibie, to urge him to set a schedule for elections and ease restrictions on the media and political organizations.

Mr. Habibie, partly to distance himself from his unpopular predecessor and strengthen his own tenuous hold on power, has heightened the expectations of political change by promising to free most political prisoners, limit the time a president can stay in office and hold general elections as soon as possible.

Many analysts said the pressure for real political change is irreversible. "You're going to see a totally new ball game in politics now that Suharto has gone and the lid is off," a Western diplomat said. "Power is much more diffuse than it was before."

Some labor activists have already formed the Indonesian Workers Party, the first of what could be a mass of new political organizations. Under existing law, only three parties are permitted to take part in elections and the rules are stacked in favor of the ruling Golkar party.

Wilhelmus Bokha, one of the

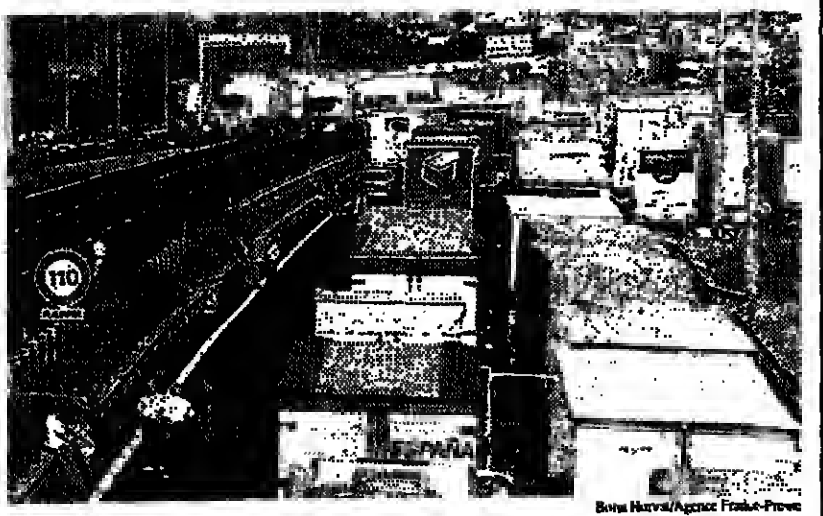
## State Dept. Calls Gingrich 'Outrageous'

WASHINGTON (Reuters) — The State Department condemned Tuesday as "appalling and outrageous" comments by the House speaker, Newt Gingrich, that Secretary of State Madeleine Albright is an agent of the Palestinians.

The department's spokesman, James Rubin, said of Mrs. Albright: "She is an agent for the American people, and any suggestion that she is an agent for anyone else is extremely provocative, unjustified and an outrageous suggestion."

In Jerusalem, Mr. Gingrich went beyond U.S. policy on Tuesday by declaring the city Israel's capital. Page 6.

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The Internet..... Pages 6, 14.  
The IHT on-line..... www.ihrt.com



TRUCK JAM — French truckers blocked several highways Tuesday but vowed not to take further action until September. Air France pilots, meanwhile, reiterated a threat to strike during the World Cup. Page 2.

Newstand Prices

Andorra	10.00 FF	Lebanon	3,000
Antilles	12.50 FF	Morocco	18 Dh
Cameroun	1,600 CFA	Catala	10.00 QFI
Egypt	EE 5.50	Reunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SRI
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Dh
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mi (Eur)	\$1.20

## 'Microsofties' Feel So Unloved and Misunderstood

By Amy Harmon  
New York Times Service

REDMOND, Washington — Of all the U.S. government's affronts that Microsoft Corp. feels it has had to endure, the most galling to many here at One Microsoft Way was the admission last week by Attorney General Janet Reno that she did not use a personal computer.

Much of the United States might have taken little notice of Ms. Reno's remark, but for the troops of technologists who breathe life into machines, it suggests a revealing explanation for the landmark anti-trust suit against Microsoft — a suit that otherwise simply did not compute here.

The prevailing logic among Microsoft's employees holds that only rank ignorance could explain the Justice Department's attempt to block something so logical, so beneficial to consumers as blending an Internet browser with an operating system.

"The problem with the Justice Department is they don't understand how computer software works," said David Pritchard, chief of recruiting for Microsoft. "And they don't understand us."

Such attitudes may reflect the institutional arrogance that helped land Microsoft in court. But they also underscore how the view of the people who drive the most successful U.S. company of the late 20th century clashes so sharply with that of the government.

If Microsoft is misunderstood, the unfolding anti-trust case certainly provides insight into its cohesive corporate culture, where defense of the company goes beyond the expected rallying of workers around a besieged employer. Inspired by a sense of techno-

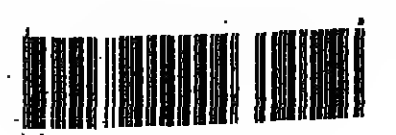
logical change is irreversible. "You're going to see a totally new ball game in politics now that Suharto has gone and the lid is off," a Western diplomat said. "Power is much more diffuse than it was before."

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## Outspoken Critic of Drug Culture / Mob-Style Killing Shocks Parish

## A Mexican Priest's Murder, in Heart of Marijuana Country

By Sam Dillon  
New York Times Service

**S**AN JUAN OZOLLOTEPEC, Mexico — When the lone telephone in this mountain hamlet rang recently, it was the archbishop of Oaxaca calling with hither news: San Juan's parish priest, the Reverend Mauro Ortiz Carreno, was dead.

The details of Father Ortiz's death were almost as wrenching as his loss itself to the black-shawled women and sandal-wearing farmers who live here.

The 42-year-old priest was seized on May 6 in Oaxaca's state capital and killed, mob-style, with one shot to the head. The police found his body in the trunk of a car.

No one has been charged in the case. In interviews, Father Ortiz's parishioners as well as church leaders familiar with his ministry blamed a gang that they say controls the drug industry in Oaxaca's Sierra Madre del Sur.

When traffickers set mountain woodlands on fire this spring to clear new marijuana plantations, devastating virgin forests, Father Ortiz spoke out to denounce the drug culture and the torching of rich timberland, they said.

The priest's slaying came as vast tracts of timber and grasslands were in flames. Coro farmers use fire to razee fields before planting, the authorities said, but traffickers have also been igniting forests to expand marijuana and opium poppy plots.

This year, Mexico's drifting smoke cloud was intense enough to provoke health warnings across the southern United States.

The official version of Father Ortiz's killing contrasts starkly with the view held by those who knew him. In an interview, Oaxaca's attorney general, Roberto Martinez Ortiz, said the main suspect was a man to whose former wife Father Ortiz lent \$1,250 last year.

The priest had been pressing the woman to pay interest, Mr. Martinez said, and the authorities hypothesize that Father Ortiz was killed to cancel the debt.

Statements by Archbishop Hector Gonzalez Martinez appeared to accept the government account. But other church authorities scoffed.

"Father Mauro was no usurer," the auxiliary Bishop Miguel Angel Alba said in an interview. "This is a self-serving version invented by the government, so that no one will think drug mafias are operating in Oaxaca. We suspect that authorities ordered this murder."

San Juan sits in a remote valley, shaded by towering pine and spruce trees, five hours' drive south of the state capital, also called Oaxaca.



Villagers in San Juan Ozolotepec holding a memorial procession for their local priest, the Reverend Mauro Ortiz Carreno, who was murdered May 6 in Oaxaca. Church leaders and parishioners blame a drug traffickers' gang.

Whether baptizing parishioners in the village's 17th-century chapel or instructing catechists in his cement-floored office, Father Ortiz was the center of San Juan's spiritual and intellectual life.

As with most rural priests, his ministry involved travel to surrounding villages. He drove a Ford pickup, often wearing a jaunty straw hat.

He was so beloved that Teresa Hernandez, San Juan's mayor, said he feared a lynching if parishioners identified the killer. "People are crazed with sorrow," he said.

Guadalupe Aragon, a village council member, challenged the state government's portrayal of Father Ortiz as a greedy moneylender. Sometimes the priest responded to parishioners' pleas by lending a few pesos here and there, Miss

Aragon said, but he never sought to profit from the loans.

So what could have provoked the killing? Father Ortiz aroused the anger of powerful people before, the village leaders recalled, for instance in 1992, when he denounced the embezzlement of timber-cutting fees by local officials of a previous administration, drawing death threats.

But Gabriel Silva, San Juan's treasurer, drew odds when he voiced a stronger suspicion.

Residents in San Francisco Ozolotepec, a bordering hamlet also in the priest's jurisdiction, Mr. Silva said, cultivate marijuana and patrol their plantations with rifles. In March, fires set by the traffickers to clear new plots spread into San Juan's forests, he said.

The devastation angered the priest, and during a visit to San Francisco he urged parishioners to replace their mayor, Estanislao Gallardo Roque, with someone who would crack down on the drug culture, Mr. Silva said.

Weeks later, back in San Juan, Father Ortiz denounced the drug culture and the burning of forests in a sermon, Mr. Silva said.

Church officials in the state capital outlined events leading to the priest's murder in similar terms.

"His preachings confronted the narcotics traffickers," said a report on the murder issued by the Reverend Wilfredo Mayroo Belaez, a priest who knew Father Ortiz. "He denounced the burning of forests to plant marijuana and the enrichment of some people by poisoning others."

**M**R. GALLARDO, San Francisco's mayor, denied in an interview that marijuana was grown in his village, although he acknowledged that he spent a month in jail in 1980 on what he described as trumped-up marijuana charges.

"I have no idea how or why this priest was killed," he said. "I hope they arrest the person who did it."

Town officials in San Juan and the church authorities in the state capital said that the traffickers in the Sierra Madre were protected by a network that appeared to include state government officials.

"I don't know anything about any mafia," said Israel Jaquin Magno, the state government delegate with jurisdiction over San Juan and San Francisco.

In an interview, Mr. Jaquin said he had no information about drug cultivation in the Oaxaca mountains.

Enforcing narcotics laws is a federal responsibility, he said. "Don't ask me about that," he added.

Father Ortiz was buried in the village near the state capital where he was born. But following a tradition, his parishioners gathered on May 17, nine days after his burial, for an all-night memorial session to say the rosary.

In San Juan's plaza at midnight, smoke from smoldering forests mingled with incense wafting from the chapel, where 300 peasants knelt before a bank of glowing candles, many weeping. At dawn, musicians sounded an Indian dirge as villagers trudged up a trail to a mountaintop cemetery, bearing a wooden cross honoring the slain pastor.

One woman in the procession, Severina Heredia, described the impact of the priest's death. "Our world has turned black," she said.

## Truckers Open French Roads, But Pilots Vow 2-Week Strike

Compiled by Our Staff From Dispatches

**PARIS** — French truckers announced an end to roadblocks that snarled traffic around the country on Tuesday, and they pledged to withhold new protest action until September.

Air France pilots, however, were expected to give notice Tuesday evening of a two-week strike starting on June 1, an official of the SNPL pilots union said.

The SNPL is the principal pilots union at the state-run carrier Air France. It would join three smaller unions that have given strike notices for a four-day stoppage beginning June 1.

The strikes would come in the run-up to the June 10 kick-off of the soccer World Cup, which is scheduled to last until July 12.

Roger Poletti, head of the truckers' branch of the Workers Force labor union, said at a news conference that truckers would lift roadblocks set up on highways and would hold off new protest action to win higher pay.

"There will be nothing before September," he said in response to fears that the truckers would organize protests during the World Cup, which will feature 32 teams playing in 10 French cities.

There have been reports that truckers, who sometimes disobey union orders, would try to block roads to stadiums.

The protests called by Workers Force, the third-largest truckers' union, had been due to last just 24 hours, coinciding with national wage talks.

The action, coupled with roadblocks the same day organized by angry fairground entertainers, raised fears of renewed labor protests during the showcase soccer tournament.

French truckers brought the country to a standstill in 1996 and 1997, winning major concessions from trucking companies that many truckers say have not been carried out.

The National Road Information Center said Tuesday that three major roads had been totally blocked, eight partly blocked, and that go-slow operations were under way on five roads. A 300-truck blockade on the A7 highway in the south was lifted in the afternoon.

The blockades Tuesday were the latest in a string of labor protests taking place in the buildup to the World Cup, with train drivers also stepping up demands for better pay and conditions.

A train-drivers' trade union warned on Tuesday that it was considering a strike during the Cup that would disrupt rail traffic in and around the Paris area. Matches are scheduled at both major Paris-area stadiums.

A decision by the pilots' union to go on strike would come on the heels of a two-day action by three smaller Air France pilots' unions, also opposed to a 15 percent pay cut in exchange for a 10 percent share in the airline.

Jean-Cyril Spinetta, the chief executive of Air France, said Tuesday that he would not back down on his bid to trim 500 million francs (\$84.5 million) from the company's annual wage bill.

"To take the World Cup hostage, to organize blackmail during the Cup, would be severely criticized by public opinion," Mr. Spinetta said on RTL radio. (AFP, Reuters, AP)

## Sludge Cleanup Cost to Top \$100 Million, Spain Says

By Marlies Simons  
New York Times Service

**BARCELONA** — The toxic sludge that burst from a mine reservoir and flooded rivers and farms in southern Spain late last month will take more than \$100 million to clean up, according to the Spanish government.

Cleanup crews have been hauling away tons of mud containing zinc, lead, iron, cadmium and other heavy metals spread by the spill.

But the Minister of Environment says the cleanup would be speeded up to do as much as possible before autumn, when rains may scatter the contamination even further. The government on Monday approved the release of the first \$30 million for the cleaning, the minister said.

The final bill, officials said, may have to be paid by the owner of the reservoir, Boliden Ltd., which is based in Toronto and produces mainly zinc, but also some lead, copper and silver in the low hills west of Seville.

Company executives have said they will pay for the mopping up of some 3 million tons of sludge that have spilled through the riverbeds and banks. They said they were also willing to reimburse farmers for their losses, like ruined rice, cotton and fruit harvests.

But the executives have contested local estimates that an additional \$120 million will be needed to deal with long-term damage.

Eventually, the Spanish courts will have to settle the issue of liability. One crucial question in the investigation un-

der way is whether the dike around the toxic reservoir burst because of human error or movement inside the earth. The mining company has argued that the dike was in good order but that it broke because of shifting under its foundations.

Critics, including environmentalists and government geologists, have said faults in the reservoir's structure had been detected over the past several years but had been ignored by both government inspectors and the mine itself.

What is clear is that in the middle of the night of April 25, people in the village of Aznalcollar, next to the mine, heard a loud bang, like an explosion. A dawn broke, a gaping hole in the dike was visible, and through it, the contents of the reservoir were rushing out into the shallow valley and the Guadimar

River. The reservoir served as a sediment basin for the tailings of the mine. The black brew that spewed forth consisted of acidic mud and heavy metals, and it laid a noxious blanket on its path more than 30 kilometers (20 miles) long. Where the Guadimar joined the Guadalquivir River, that larger waterway absorbed the brew, diluted it and carried it to sea.

No one died in the accident. But workers have already collected some 30 tons of dead fish and uncounted numbers of dead birds and small mammals. Biologists are trying to assess the damage to the nearby of Donana wildlife reserve, one of Europe's most important.

Makeshift dikes diverted the toxic water and sludge from swamping the reserve.

## TRAVEL UPDATE

## Greece Braces for Strike

**ATHENS (AP)** — A 24-hour nationwide general strike set for Wednesday threatens to paralyze Greece, with mass transit workers and Olympic Airways employees walking off their jobs.

Postal and tax offices and all state-run banks will remain closed for the day, while state hospitals will treat only emergency cases.

Warsaw's single-line subway finally reached the city center when a new station opened Tuesday. The metro, which stretches from the southern housing district of Ursynow to the center near the Palace of Science and Culture, has 12 stations and covers 13 kilometers (8 miles). (AP)

## WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

## Europe

	Today	High	Low	High	Low	High	Low
Algeria	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Amsterdam	15/19	15/19	15/19	15/19	15/19	15/19	15/19
Athens	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Berlin	15/19	15/19	15/19	15/19	15/19	15/19	15/19
Bombay	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Buenos Aires	15/19	15/19	15/19	15/19	15/19	15/19	15/19
Calcutta	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Chennai	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Colombo	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Delhi	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Dhaka	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Dubai	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Guangzhou	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Hong Kong	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Jaipur	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Kolkata	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Kuala Lumpur	20/26	12/13	12/13	12/13	12/13	12/13	12/13
London	15/19	15/19	15/19	15/19	15/19	15/19	15/19
Los Angeles	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Manila	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Mumbai	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Nairobi	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Paris	15/19	15/19	15/19	15/19	15/19	15/19	15/19
Rangoon	20/26	12/13	12/13	12/13	12/13	12/13	12/13
San Francisco	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Singapore	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Taipei	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Tokyo	20/26	12/13	12/13	12/13	12/13	12/13	12/13
Yokohama	20/26	12/13	12/13	12/13	12/13	12/13	12/13

**North America** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Europe** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Asia** Cool in Beijing Thursday, but becoming warm again Friday and Saturday with plenty of sunshine. Very warm in Seoul Thursday, but a little cooler on Friday. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**South America** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Africa** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Oceania** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Antarctica** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Arctic** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Equatorial** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Polar** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Tropical** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Subtropical** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Temperate** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

**Continental** Unusually chilly as well as cloudy, with some rain in the Northeast and Midwest. A cold front will move into the Northeast on Friday, bringing rain and clouds. A cold front will move into the Midwest on Saturday, bringing rain and clouds. A cold front will move into the Northeast on Sunday, bringing rain and clouds.

## Tuberculosis, a Killer of Women

**STOCKHOLM** — Tuberculosis, commonly thought to be an elderly man's affliction, has become the No. 1 killer of young women, notably in

poor countries, the World Health Organization said Tuesday.

More than 900 million women worldwide are infected, experts stated at a medical seminar in the Swedish city of Gothenburg.

About 2.5 million will get sick this year and 1 million will die. Most of those will be between the ages of 15 and 44.

Within that age group, tuberculosis accounts for about 9 percent of women's deaths worldwide.

He should be greatly missed by his family, the staff of the hotel, and guests from the world over.

He is survived by his son, Johannes, his daughter-in-law, Denise, his newborn grandson, Al-Andrea, his brother and sister-in-law, Hansjorg and Anika, and the Wolfenberger family.

Funeral services will be held at 1:00 on Thursday, May 28th at the Protestant Church in St. Moritz.

**DEATH NOTICE**  
**Andrea Badrutt**  
died a week before his 88th birthday after a long and happy life as one of the owners, managers and much loved host of Badrutt's Palace Hotel-St. Moritz.

He should be greatly missed by his family, the staff of the hotel, and guests from the world over.

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## THE AMERICAS

## High Court Places Most of Ellis Island in New Jersey

WASHINGTON — The U.S. Supreme Court handed New York a bitter defeat Tuesday by ruling that all but a small part of Ellis Island, the nation's historic gateway for 16 million immigrants, falls in New Jersey.

While New York will keep the island's original three acres (1.2 hectares) the high court ruled, 6 to 3, that all the land added to the island to create the landmark U.S. immigration processing center, which operated from the 1890s until 1954, belongs to New Jersey.

"After 1891, when the United States decided to use the island to receive immigrants, the national government began placing fill around its shoreline and over the next 42 years added some 24.5 acres to the area of the original island," Justice David Souter wrote for the majority.

"The issue in this case is whether New York or New Jersey has sovereign authority over this filled land. We find that New Jersey does," Justice Souter wrote.

New York had contended that history was on its side and that all of Ellis Island should be considered part of New York state.

Historic Ellis Island is in New York Harbor, 1,300 feet (430 meters) from Jersey City, New Jersey, and nine miles (1.6 kilometers) from the tip of Manhattan in New York City.

At issue were questions of sovereignty over the island, now a museum run by the National Park Service. While the island has fallen within New York borders since the 17th century, New Jersey sued in 1993, claiming that parts of it were within its territory.

Justice Souter agreed, even though he acknowledged that the effect of the ruling would be to draw a boundary line that divides not only the island, but some of the buildings on it, including the main immigration processing building.

The U.S. government holds title to the Ellis Island land. Still, the boundary dispute involved not only symbolic bragging rights but also a number of practical considerations.

Justice Souter noted that state jurisdiction determined issues of taxation, zoning, environmental protection, elections, education, residency, insurance, building codes, historic preservation, and which laws apply.

In a 44-page opinion filled with historical references, he rejected New York state's contention that an 1834 agreement between the two states gave New York sovereign authority over the filled land.

Justices John Paul Stevens, Antonin Scalia and Clarence Thomas vigorously dissented. "The evidence indicates that the millions of immigrants entering the country, as well as

the hundreds of residents of the island, believed that Ellis Island was located in New York," Justice Stevens wrote. "For many of the immigrants, their journey to America began with a steamship ticket with the destination listed as 'New York.'"

He criticized Justice Souter's opinion as resting "on a hypertechnical focus on detail that overlooks the significance of the record as a whole."

Justice Stevens added: "Now New York's share of the island is an enclave within New Jersey's share of the island."

The U.S. Justice Department had supported New Jersey in the long-running legal battle.

## High-Speed Chase Suit Is Rejected

The Supreme Court ruled Tuesday that police officers cannot in most cases be forced to pay damages under a federal civil rights law for killing or injuring someone during a high-speed chase, The Associated Press reported.

The court decided unanimously that the parents of a California teenager who was struck and killed by a deputy's car could not sue the deputy under the civil rights law. It said that police could be held liable only when their actions would "shock the conscience."

The court rejected a more lenient standard urged by the youth's parents, whose lawsuit

accused the deputy of violating their son's constitutional rights in 1990 by engaging in a dangerous pursuit at speeds approaching 100 miles an hour.

"We hold that high-speed chases with no intent to harm suspects physically or to worsen their legal plight do not give rise to liability under the Fourteenth Amendment" and federal civil rights law, Justice Souter wrote for the court.

"A police officer deciding whether to give chase must balance on one hand the need to stop a suspect and show that flight from the law is no way to freedom, and, on the other, the high-speed threat to everyone within stopping range, be they suspects, their passengers, other drivers or bystanders," he wrote.

The ruling reversed a federal appeals court decision that Teri and Thomas Lewis, the parents of Philip Lewis, could sue a Sacramento County sheriff's deputy, James Smith, over the death of their 16-year-old son.

The youth was a passenger on a motorcycle that failed to stop when another deputy tried to flag it down. The pursuit went on through several stop signs, forcing two cars and a bicyclist off the road, before the motorcycle skidded in a halt. Mr. Smith tried to stop his car but hit Paul Lewis. The youth was pronounced dead at the scene.

## POLITICAL NOTES

## Budget Surplus at \$39 Billion

WASHINGTON — With tax revenues swollen by a strong economy and a booming stock market, the Clinton administration said Tuesday that the nation's budget surplus is expected to hit a record \$39 billion this year.

"America can now turn off the deficit clock and turn on the surplus clock," President Bill Clinton said in a Rose Garden ceremony.

The windfall is sure to intensify political pressure for tax cuts and spending increases. But Mr. Clinton said again that the money should be reserved for strengthening Social Security.

Once the solvency of the Social Security system is guaranteed, he said, the nation can open a debate next year about cutting taxes.

Just five months ago, Mr. Clinton predicted a deficit of \$22 billion. But a torrent of money has been pouring into the Treasury thanks to the strong economy, leaving economists scrambling to update their forecasts.

"This is, of course, very good news for the American people," the president said. "Now it's official that this year, well ahead of the most ambitious schedule, America has balanced the budget." (AP)

## Representative's Big Ambition

WASHINGTON — Springtime in Washington makes Bob Livingston the man to see. As chairman of the House Appropriations Committee, he allocates the money that keeps the government running and keeps members of Congress in good standing at home. Now he has declared that he wants to be speaker of the House.

The dual roles fit hand in glove. As a candidate for speaker, Mr. Livingston, a Republican from Louisiana, needs to please his colleagues to win their votes. As chairman of Appropriations, he has a very direct way of pleasing them.

Adding to the intrigue over Mr. Livingston is the aggression he has shown in pursuing the job — which is not open.

The speaker's position — behind the vice president's in succession in the presidency — may not be open for three more years. Newt Gingrich, Republican of Georgia, is vying for the role while trying with a run for president, a decision he has said he will not announce until Labor Day of 1999.

Even then, he might not resign as speaker, a job the rules allow him to keep until Jan. 3, 2003. And Mr. Livingston says he supports Mr. Gingrich as long as he wants to stay.

But Mr. Livingston has also been forceful in seeking support. And many of his colleagues worry that his pursuit of a job that is not open is an overt symptom of a House already destabilized by Mr. Gingrich's unpredictable style and uncertain future.

Several committee chairmen recently wrote Mr. Livingston telling him that his actions were premature and distracting. (NYT)

## Quote/Unquote

Prime Minister Jean Chretien of Canada, dismissing a report that he had expressed concern that U.S. Secret Service agents could be forced to testify in court about what they see during a visit to the White House: "I don't have any problem with that with any country in the world. I take whatever security that they give to me." (AP)



Sam Kovnat, chairman of Flight Safety Technologies, checking his company's detectors at Kennedy airport.

## Airport Tries Lasers To Spot Turbulence

## New System Can 'Hear' Air Moving

By Matthew L. Wald  
New York Times Staff Writer

NEW YORK — A laser-based system for detecting air turbulence and other invisible hazards in planes has been tested at Kennedy International Airport with results that could improve airline safety and help weather forecasters spot tornadoes.

The technique uses lasers to listen for the sound of rapidly moving air. The first application is for detecting the wake behind big jets, which can toss smaller planes much as the wake of a big ship can swamp a rowboat.

Scientists also hope they can adapt the technique to hear the microbursts that cause wind shear, a deadly

hazard to planes at low altitude, and to detect clear-air turbulence, another danger to aircraft.

The technique had a two-week tryout recently in the patchy grass at the end of Runway 31 Right at Kennedy International Airport. As inbound jets screamed overhead every few minutes at 200 feet and 200 miles an hour, a team of scientists tested two laser-powered "ears."

Soon, they hope, the lasers will let them pinpoint distant dangers that radar can miss.

Already the scientists are adding to the database about the corkscrew-like vortex that comes off each wing tip of planes in flight, generating turbulence that can cause planes following too close to lose control.

The scientists say the technique could also help with tornado-spotting.

"There is mounting evidence that all of these weather phenomena and man-made vortices generate sound," said Frank Rees, the inventor of the system, which is based on a formerly secret navy method for listening underwater for ships and submarines.

Radar is the main method for tracking distant objects or weather phenomena, but radar cannot see air movements unless the air has fairly substantial objects in it, like raindrops or hail.

The idea of the new system, called Socrates, for Sensor for Characterizing Ring-Eddy Atmospheric Turbulence Emanating Sound, is to use lasers, which are far more precise than radar waves, in what amounts to, seeing sound, rather than hearing it.

The Federal Aviation Administration has provided about \$3.5 million for the project in the last two years.

## Drive Falters to Curb Labor's Election Spending

By David S. Broder  
Washington Post Service

SACRAMENTO — The Republican drive to choke off the flow of cash from organized labor to liberal candidates and causes has hit a huge roadblock in its crucial test on the June 2 California ballot.

Support for the "Paycheck Protection" initiative, which would require an annual, written authorization from each union member for political use of any dues money, has eroded from an early lead of more than 2 to 1 to the point where it may not pass.

The outcome has national importance for both parties. Labor has been the biggest single contributor to Democratic campaigns, investing at least \$119 million in the last election cycle. President Bill Clinton and Vice President Al Gore both denounced Proposition 226, as it is known, in California appearances.

The speaker of the House, Newt Gingrich, Republican of Georgia, who blames the 1996 union ads for

almost costing the Republicans control of the House, has campaigned for "Paycheck Protection" from coast to coast.

Pete Wilson, the Republican governor who has staked his political prestige and possible presidential hopes on its approval, blamed the turnout on an "avalanche" of negative radio and television ads, mailings and phone calls from labor.

"Ironically, they are attempting to black out the truth by using the same abusive, corrupt technique of check-off without consent that this initiative would stop," Mr. Wilson said. "But I think people will see through it and we will win."

Private tracking polls show Proposition 226 dropping close to or even below 50 percent after enjoying initial support from more than 70 percent of the voters. A Los Angeles Times poll reported Saturday that the initiative is supported by 51 percent of the likely voters and opposed by 37 percent.

National labor officials have said that stopping the initiative is one of

their top priorities and have poured almost \$20 million into the effort. The "Paycheck Protection" cause has been hampered by disputes among its early backers and by the unwillingness of major California business organizations to go to the mat against labor.

The falloff jeopardizes hopes by national conservative and Republican leaders that Proposition 226 would be duplicated across the country.

Going into the closing drive, opponents outspent Proposition 226 backers \$11 million to \$1 million on broadcast advertising. Mr. Wilson recently loaned Californians for Paycheck Protection \$550,000 from his own political action committee in help pay for a closing TV drive. Overall, Mr. Wilson has supplied almost two-thirds of the \$1.9 million that the committee has taken in.

A separate "Yes on 226" committee conducting a grass-roots campaign for the initiative reported receipts of only \$214,576. The

combined total of \$2.1 million is dwarfed by the \$19.3 million reported by five labor and teachers' groups opposing the initiative.

Two outside groups, Citizens for a Sound Economy and the National Taxpayers Union, have been on the air with "educational" campaigns on workers' rights.

Because their ads do not expressly advocate a "yes" vote, they can be financed through tax-exempt foundations and the two groups do not have to report what was spent on them. John Berthoud, president of the National Taxpayers Union, says his group has committed "over \$1 million."

Last winter, the unions paid for a signature-gathering operation big enough to qualify a counterinitiative that would have curbed business's political contributions.

Rather than file it, they took it into negotiations with the state Chamber of Commerce and other industry groups and emerged with an agreement that business would not put its muscle behind Proposition 226.

## Away From Politics

• A Lufthansa Boeing 747 en route to Germany from Los Angeles was forced to make a dump fuel and make an unscheduled landing at the airport Billings, Montana, after a 46-year-old passenger was stricken, apparently by a heart attack, and died. Firefighters stood by near the 10,500-foot runway, which is shorter than ideal for a plane the size of a 747. (AP)

• More than 1,000 acres of oak and pine have burned in the Apalachicola National Forest in a fire that has fed on drought conditions across

northern Florida. The authorities were checking to see if the fire was set. No structures were threatened in the forest, 600,000 acres of oak and longleaf pines. (AP)

• Four people were injured in crashes of small planes in near Taunton, Massachusetts, and Middleboro, Rhode Island, after both pilots reported engine trouble. (AP)

• Three people whose car had been chased at speeds up to 90 miles an hour and deliberately run off the road

were then savagely beaten by the two people in the car that had chased them, police in Glendale, Arizona, said. They said there had been an argument before the chase. After the lead car crashed through a fence and overturned, the driver of the second car made a U-turn and returned to the scene, and at least two people got out and began strike both the other car and its occupants with aluminum baseball bats or metal poles. One teenager was killed and two were seriously injured. A day later, there had been no arrests. (AP)

## Oregon School Reopens in Prayer

The Associated Press

SPRINGFIELD, Oregon — Hundreds of students gathered in a circle Tuesday just outside Thurston High School and prayed for an end to violence as they returned to classes for the first time since a shooting rampage in which two teenagers were killed.

In the cafeteria where Kip Kinkel, 15, allegedly opened fire, the bullet holes have been patched and painted over. And students were welcomed back with a free, hot breakfast. For those who could not face going back inside, breakfast was also offered in an adjacent courtyard.

Students held hands and bowed their heads in prayer,

sang "Amazing Grace" and read aloud the names of the 24 people who were killed or injured Thursday. They were surrounded by a fence that has become a memorial, encrusted with flowers, teddy bears, messages and mementos.

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## ASIA/PACIFIC

## Tokyo Gas Attacker Gets Life Term

**TOKYO**—One of five cult members who released sarin nerve gas in the Tokyo subway system three years ago received a sentence of life imprisonment Tuesday.

Ikuo Hayashi, once a senior member of Aum Shinrikyo, could have received the death penalty for the attack in 1995, which killed 12 persons and made thousands ill.

"Given the cruelty and the grave consequences of the crime as well as the victims' feelings and the social impact the crime has caused, the death penalty would have been obvious," said the presiding judge, Megumi Yamamura, in Tokyo District Court.

But he said that Mr. Hayashi had turned himself in and that his confes-

sions had helped in the prosecution of other cult members, including the leader, Shoko Asahara.

Mr. Hayashi had also shown deep remorse, the judge noted.

The sentencing was the first among the 14 principal defendants accused of staging the attack in the subway system on March 20, 1995.

Mr. Hayashi and other cult members released sarin on crowded commuter trains during the morning rush hour by using umbrellas with sharpened tips to puncture plastic bags filled with the deadly gas.

Mr. Hayashi, 51, a former heart surgeon at the prestigious Keio University Hospital in Tokyo, apologized to the victims of the attack.

Mr. Asahara, who is the subject of 17

prosecutions, is accused of ordering the subway attack. Apart from Mr. Hayashi and four members involved in actually releasing sarin gas, the other main cult defendants are accused of acting as lookouts or driving getaway cars.

Prosecutors say Mr. Asahara believed that the end of the world was near and that the sect should wage a terrorist campaign to bring down the government and give the cult control of Japan.

Despite the prosecutions, Japanese authorities are concerned that the cult is stepping up its activities.

In late April, it gathered 300 followers for a one-week seminar at a site near Tokyo, where it managed to collect 24 million yen (\$175,000), a recent police report said.



Ikuo Hayashi, shown in 1995 after his arrest in the subway gas attack.

## Cult Targeted Millions

But Germ Attacks in Japan Were Failures

*New York Times Service*  
The following article was reported by Sheryl WuDunn, Judith Miller and William J. Broad and was written by Mr. Broad.

**NEW YORK**—In repeated germ attacks in the early 1990s, an obscure Japanese cult tried to kill millions of people throughout Tokyo and, a cultist has now testified, at nearby U.S. bases where thousands of troops and their families live.

The biological strikes were not detected at the time and their significance has only recently become clear to Japanese officials still investigating the Aum Shinrikyo cult's activities.

As far as is known, there were no deaths. But an examination of court testimony and confessions by the cult's members, as well as interviews with Japanese and U.S. officials, shows that its germ attacks were far more numerous than previously known.

Hoping to ignite an apocalyptic war, the group sprayed pestilential microbes and germ toxins from rooftops and convoys of trucks. Its members have testified that the targets included the Japanese Parliament, the Imperial Palace, the surrounding city and the U.S. base at Yokosuka, which is headquarters of the 7th Fleet.

For U.S. officials trying to build up the country's defenses against germ terrorism, the drama has encouraging aspects. It suggests that such attacks can be harder to carry out than many had thought and that governments can find ways to increase the difficulties even more.

Most fundamentally, the officials say, the cult's five-year effort to sow terror and death with lethal microbes shows that germ warfare is no longer the sole province of rogue states but is within reach of extremists with a scientific bent.

Acknowledging such threats, President Bill Clinton announced a series of measures last week to enhance germ defenses, including the stockpiling of antibiotics and vaccines.

Aum Shinrikyo burst into the headlines in 1995 when it released chemical nerve gas into Tokyo's subways, killing a dozen people. Its biological work, meant to be thousands of times more devastating, was mentioned only in passing in scattered reports.

The cult carried out at least nine biological attacks. The strikes failed largely because Aum never got its hands on germs of sufficient virulence.

The full extent of the cult's activities may never be known. Japanese authorities knew nothing of the germ danger until long after the attacks had occurred and key evidence had been destroyed. Moreover, a top cultist with germ

knowledge was killed. Today, Washington sees the cult's efforts at biologic Armageddon as a wake-up call and a spur to curb the free exchange of microbes that has helped the world's scientists crush diseases around the globe.

Washington was stunned in the late 1980s and early 1990s when it realized that germ banks used by U.S. researchers had inadvertently delivered toxic microbes in the military forces of Saddam Hussein as well as to domestic terrorists.

In recent years the government has begun a quiet campaign to tighten access to hazardous germs. So far, however, it has had little success getting similar safeguards adopted by hundreds of foreign germ repositories, including those in Japan.

William Patrick 3d, who helped make U.S. biological weapons before President Richard Nixon outlawed them nearly three decades ago, said it was essential for world safety to restrict germ commerce.

A particular species of harmful microbe might come in dozens or even hundreds of subvarieties, Mr. Patrick said. Only one such strain might pose exceptional dangers of sickness and death.

For would-be terrorists, he added, "getting the most infections and virulent culture for the seed stock is the greatest hurdle."

Fearing that Iran and Iraq would use germ weapons in their war, U.S. policymakers cut off pathogen exports to the combatants. The Commerce Department acted Feb. 23, 1989. A ban was declared on the shipment of dozens of pernicious microbes not only to Iran and Iraq but also to Libya and Syria, which were also suspected of trying to acquire germ weapons.

"We knew we were sitting on a time bomb," said a federal official who helped set the policy.

Raising the issue internationally, the United States asked its allies to impose similar restrictions. But little happened until the Gulf War in 1991, when coalition members came to fear that Baghdad was preparing attacks with germs that Washington had put into Iraqi hands years earlier.

Late in 1992 the Australia Group, an informal body of more than 20 industrialized nations that share intelligence on technologies useful for making weapons, called on its members to end exports of scores of human pathogens to rogue states.

But the call came in the form of recommendations, not rules. The group's advice carried little or no weight with dozens of nonmember states, many of which freely exported germs and saw multinational controls as a conspiracy to keep them developmentally backward.

In addition, there was a threat that the belated patchwork of export controls, missed entirely. Aimed at rogue states, they did nothing to limit the sale of deadly germs within countries, not even to suspicious groups or individuals.

Aum's biological arms chief was Seiichi Endo. Born in 1960 and once a graduate student in biology at Kyoto University, he had the title of health and welfare minister. In theory, his job was simple: He was to find a few lethal germs, feed them special foods, grow them to astronomical numbers and turn the resulting brew into a widely dispersible material, preferably a fine mist or powder that could easily penetrate human lungs.

His first effort, authorities say, focused on the botulinum microbe, known as Clostridium botulinum, which produces the strongest known poison against humans. When ingested, the toxin quickly paralyzes muscles and lungs. It is far more deadly than any nerve gas—except that it loses much of its potency when inhaled. And no one knows what respiratory dose is lethal.

For terrorists, the microbe is nonetheless attractive since it is rather easily found in nature.

A month after it obtained the microbes, in April 1990, the cult sent a convoy of three trucks rumbling into the streets of central Tokyo to spray poisonous mist. Shigeo Sugimoto, the guru's chauffeur and one of the drivers that day, later testified in court. He said the convoy then crisscrossed the wider Tokyo Bay region to attack U.S. bases. It first moved south to the U.S. Navy installation at Yokosuka, then to the sprawling base at Yokosuka.

## A Hong Kong Dilemma

Clinton Opts Not to Meet Privately With Lee

By John Pomfret  
Washington Post Service

**HONG KONG**—U.S. officials have told Martin Lee, the leader of opposition forces in Hong Kong that won 60 percent of the popular vote in an election here this week, that President Bill Clinton has no plans to meet with him privately during his planned stopover here in June, sources said Tuesday.

State Department officials have suggested instead that Mr. Clinton meet with Mr. Lee and the leaders of the other political parties in Hong Kong, including several pro-Beijing parties, which won seats in the voting Sunday.

Mr. Lee's office strongly opposes that plan, an aide to his Democratic Party said, because it implies that Mr. Lee's status and those of the pro-Beijing groups, some of which did not participate in the directly elected portion of the vote, are equal.

Sources close to the Hong Kong politician said a State Department official told Mr. Lee on May 15 that Mr. Clinton would not meet with him alone or with other democratic activists because he is worried about offending China.

Mr. Clinton met alone with Mr. Lee in April 1997 for 25 minutes in the White House.

"It is very different to see someone in the U.S. as opposed to in their own country," the aide to Mr. Lee's Democratic Party quoted the State Department official as saying.

The sources added that on May 11, Richard Boucher, the U.S. consul general in Hong Kong, proposed that Mr. Clinton meet Mr. Lee in a group.

A source close to Hong Kong's Democratic Party said: "What they are trying to do is to dilute the message of meeting with Martin by injecting these pro-China people into it. Is that the right thing to do?"

Garnering 143,843 votes, Mr. Lee was the most popular candidate in the elections Sunday and was among 20 opposition candidates who won seats in the Legislative Council. Pro-Beijing candidates took 40 seats under rules written, many analysts said, to ensure that opposition candidates did not win a majority. Regardless, the democrats' victory marked the creation of the first opposition bloc on mainland China in history.

In the election, only 20 seats were directly elected; 30 seats were elected by small groups of professionals, some with fewer than 100 voters; a final 10 seats were decided by a committee of 800 people, handpicked by the pro-Beijing Hong Kong government.

Mr. Clinton is tentatively scheduled to come to Hong Kong, which returned to Chinese control on July 1, 1997, after 156 years of British rule, after he completes a summit meeting in Beijing with President Jiang Zemin in late June.

The trip follows Mr. Jiang's U.S. visit in October. That summit meeting, the first official state visit between a Chinese and U.S. leader since 1989, marked a watershed in relations between Washington and Beijing after years of drift.

Mr. Clinton's trip has become controversial in the United States because of reports that U.S. companies supplied China with sensitive missile technology and the daughter of a Chinese general



Martin Lee celebrating his election in Hong Kong with his wife, Amelia.

was alleged by one Democratic Party donor to have funneled money to Mr. Clinton's re-election campaign from China's military. In addition, Mr. Clinton's plans to visit Tiananmen Square, the site of student-led demonstrations that Beijing cracked down on in 1989, have furthered triggered criticism.

Some members of Congress have called on Mr. Clinton to postpone his trip. The president has rebuffed those demands, and on Tuesday, Senator Jeff Bingaman, in Beijing, quoted a senior Chinese official as saying that Mr. Clinton had used a bot line, established during the previous summit meeting, to inform Mr. Jiang that he was coming despite congressional criticism. The New Mexico Democrat quoted the Chinese official as saying that the call marked the first use

of the hot line by the U.S. side.

Among the political leaders Mr. Clinton would meet during his visit would be such staunch allies of Beijing as Ambrose Lau, head of the Hong Kong Progressive Alliance, who was awarded a seat Sunday in the Legislative Council by the committee of 800.

Mr. Lee, speaking Tuesday at the Hong Kong Foreign Correspondents Club, intimated strongly that he hoped Mr. Clinton would meet him alone because he, not Chief Executive Tung Chee-hwa, was "really elected by the Hong Kong people."

"So really it is a question for Bill Clinton to act in such a way that he doesn't just speak in support of democracy but that he acts consistently with what he says," Mr. Lee said.

## Pakistan to Arm Residents Of Kashmir Near India Border

**ISLAMABAD, Pakistan**—The government of Pakistan-controlled Kashmir will arm residents of some key border villages to counter any raids by Indian troops, the state chief executive said Tuesday.

The top Pakistan official in the area, Sultan Mahmood, said that arms would be given to committees to provide self-defense to villages threatened by raids from the Indian-held part of the disputed Himalayan region.

He said about 150 villages along a United Nations-monitored Line of Control had been selected where committees of up to 15 people each would be given rifles and communications equipment.

They will fill a strategic gap left by Pakistani forces that do not cover the entire 720-kilometer (450-mile) line that divides Kashmir, he added.

Tensions between the two archrivals were heightened by five Indian nuclear tests this month and Indian warnings of pro-active action against separatist Kashmiri militants who it says take refuge in Pakistan-held Kashmir.

General Jehangir Karamat, a Pakistan Army chief, told his troops Monday that India might operate along the Kashmir control line and that such a move could trigger a Pakistani response.

"The situation in Kashmir is very grave," Mr. Mahmood said. "They are violating the cease-fire line."

On Saturday, Prime Minister Nawaz

Sarif said any Indian "misadventure" in Kashmir would be resolutely met. The two states have fought two of their three wars since 1947 over Kashmir, two-thirds of which is ruled by India and the rest by Pakistan.

A small UN force monitors the control line, and Pakistan has demanded that it be reinforced against any Indian incursion. Western diplomats said.

Pakistan and India accused one another's troops last week of firing across the control line.

## Troops Exchange Fire

Indian defense sources said clashes with Pakistan along the disputed Kashmir border heightened Tuesday as troops exchanged shell, artillery and mortar fire in the heaviest fighting in recent days. The Associated Press reported from Jammu, India.

There were no immediate reports of casualties.

Although such clashes are routine, it is unusual for them to be officially reported. The Indian sources, speaking on condition of anonymity, accused Pakistan of building up its troops along the border.

More Indian troops were being brought in to match the Pakistani buildup, they said, refusing to give figures.

India repeatedly accuses Pakistan of arming and training Muslim militants in Indian Kashmir. Militant Kashmiri Muslims seek independence or unity with Pakistan, officially an Islamic state.

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## BRIEFLY

## Burma Allows Dissident Meeting

**BANGKOK**—Burma's military government said Tuesday that it would allow the opposition National League for Democracy to hold a gathering Wednesday through Friday to mark its unrecognized election victory in 1990.

The ruling State Peace and Development Council reversed a previous decision that called on the opposition to forgo the gathering to preserve peace.

On Tuesday, the government said that it had informed National League for Democracy that it could "conduct the ceremony in accordance with existing rules and regulations."

If the gathering goes ahead, it will be the first time the military has allowed the opposition to mark the anniversary of the elections.

(Reuters)

## China to Accept Taiwan Rulings

**BEIJING**—China's Supreme Court said Tuesday that it would accept rulings by Taiwan's civil courts to protect the rights of residents of the island.

Rulings by civil courts and arbitration by institutions in Taiwan would have the same validity as law in China after confirmation by Chinese courts, the Xinhua press agency quoted the Supreme People's Court vice president, Tang Dehua, as saying.

Mr. Tang tempered the decision by the Supreme Court, saying it did not mean that Beijing had accepted Taiwan's

legal system or that it had surrendered its claim to legal and administrative power over the island.

## Australia Marks 'Sorry Day'

**SYDNEY**—Aborigine elders wept and church bells rang out across the country Tuesday as Australia held a national day of commemoration for the thousands of Aborigine children forcibly removed from their families.

Ceremonies were held to mark the first "Sorry Day," named after "sorry business," an Aboriginal term for ceremonies of grief. From the 1910s until the early 1970s, as many as 100,000 Aboriginal children were removed from their families and put in government care.

(AP)

## Estrada Names Foes to Cabinet

**MANILA**—Joseph Estrada, who is certain to become the next president of the Philippines, on Tuesday appointed two political opponents in his cabinet.

The appointments were in line with Mr. Estrada's agreement with outgoing President Fidel Ramos to set up a "government of national unity." Mr. Estrada appointed Alexander Aguirre, a retired army general, as national security adviser. Mr. Aguirre served as executive secretary in the outgoing cabinet. Mr. Estrada picked Gloria Macapagal Arroyo, the top vote-getter for the vice presidential post, as social welfare secretary. Mrs. Arroyo was the running mate of Jose de Venecia, candidate of Mr. Ramos's party. (Reuters)



EUROPE

BRIEFLY

# Georgia Is Disrupted By Wave of Refugees

Separatists Accused of Ethnic Cleansing During Resurgence of Abkhazia Fighting

By Celestine Bohlen  
New York Times Staff Writer

MOSCOW — A flare-up in a five-year-old conflict over the Black Sea region of Abkhazia forced President Eduard Shevardnadze of Georgia to cancel his country's annual independence day ceremonies Tuesday and to accept another wave of tens of thousands of refugees fleeing across the Inguri River.

"It is a great tragedy," said Pyotr Mamradze, Mr. Shevardnadze's chief of staff, in a phone interview from Tbilisi, the Georgian capital. "Ethnic cleansing is a crime, which unfortunately in this case no one did anything to prevent."

Fighting between Abkhazian separatists and Georgian militias broke out several days ago in the western district of Gali, an area that has become a buffer zone between the breakaway republic of Abkhazia and Georgian-held territory. The area is policed by a Russian battalion assigned by the Commonwealth of Independent States to keep the peace.

Mr. Shevardnadze, who as foreign minister played a key role in the dissolution of the Soviet empire, had planned a military parade to celebrate the 80th anniversary of Georgia's first independent republic on Tuesday. But, in a sign of the serious impact of the developments on Georgia's internal politics, he abruptly called off the celebrations and banned all anti-government demonstrations.

In recent years, Mr. Shevardnadze, who was the target of a failed assassination attempt several months ago, has complained of Russian interference in the Caucasus region.

The complaint has intensified in the battle over competing routes for the transit of crude oil from central Asia to western Europe. One proposed route would go through southern Russia, while another would pass through Georgia.

Georgian leaders again accused the Russians on Tuesday of failing to protect the civilian population in the Gali district after an estimated 2,000 Abkhazian forces, armed with grenade launchers and light artillery, launched an offensive against Georgian guerrilla bands, razing villages and driving out ethnic Georgian residents.

Similar charges were made in 1993

when Russian peacekeepers stood by as Abkhazian forces violated a cease-fire and seized the regional capital of Sukhumi.

Even after the signing of a cease-fire agreement Monday night between Georgian and Abkhazian foreign ministers, thousands of Georgians continued to flee across the Inguri as black smoke rose from their villages.

The latest outbreak of violence has again put to the test the ability of an estimated 1,500 Russian peacekeepers, and a mission of 100 United Nations observers to steer Georgia and Abkhazia toward a peaceful settlement.

The resettlement of refugees in the Gali region has been one of the most troublesome issues at ongoing Georgian-Abkhazian talks in Geneva under United Nations auspices.

"This has changed the situation a lot," said Livia Botia, the UN special representative in Georgia, in a phone interview from Tbilisi. "During the last two years, some 50,000 refugees had returned, and we were hopeful they could consolidate their position."

"This is a big disappointment, but we will continue to move the peace process forward."

Diplomats and analysts in Moscow said that the Russian role in the crisis has been more neutral than in 1993.

## Bering Strait Shootings

Russian border guards shot and killed two crew members of a Chinese fishing vessel and wounded five after the U.S. Coast Guard tipped them off that the vessel was poaching in the Bering Strait, Reuters reported from Vladivostok, Russia.

A spokesman for the Federal Border Guard Service said in Moscow that the guards had opened fire on the boat in the strait Monday after it failed to stop and the crew ignored warning shots.

The border guards' duty officer said that a U.S. Coast Guard aircraft patrolling the area had warned the Russians about the poachers in the strait separating the two countries.

"The plane was there because of a bad ice situation in the strait," the officer said.

A Russian Foreign Ministry spokesman said in Moscow that five members of the 26-member crew of the boat, the Zoog Loog-37, had been wounded and that the boat was being escorted to a Russian port.



ROYAL DISPLAY — Athens monarchists hailing King Juan Carlos and Queen Sofia of Spain during a visit on Tuesday. She was a Greek princess and her brother was king.

## If Norway Will Pay for It, Russia Will Scrap Subs

MOSCOW — President Boris Yeltsin said Tuesday that Russia would dismantle all its old nuclear submarines in the Barents Sea region if Norway provided credits to help it do so.

"We do not need the submarines now, especially nuclear submarines," Mr. Yeltsin said after talks here with King Harald V of Norway. Mr. Yeltsin said Russia's far north was "saturated with nuclear objects" and acknowledged Norway's concerns.

"We must solve the financial question," he said. "If the financial side is solved in the form of credits from the Norwegian side, we will immediately start dismantling the submarines."

It was not clear how the king had reacted to the proposal and Mr. Yeltsin did not say how much money Russia would need.

Foreign Minister Yevgeni Primakov later made it clear that Russia was offering to scrap only old submarines that were destined to be decommissioned. "We are not talking about those submarines that are patrolling the region, that are on active duty," he said. (Reuters)

## German Nuclear Industry Apologizes to Minister

BONN — Germany's nuclear industry apologized to Environment Minister Angela Merkel on Tuesday for a political scandal over its failure to report radiation leaks from nuclear waste shipments.

She came under pressure from opposition parties to resign following revelations of contamination on the outer casing of nuclear waste containers since the 1980s.

Wilfried Steuer, president of the German Nuclear Forum, praised the minister at an annual meeting of industry experts in Munich, calling her a "dedicated advocate of the nuclear industry."

The controversy involves shipments of spent fuel rods from nuclear power stations in southern Germany to reprocessing plants in France and Britain and then back to Germany for storage.

Chancellor Helmut Kohl's security coordinator, Bernd Schmidbauer, who also addressed delegates at the meeting, attacked German plant operators for concealing the leaks. "They have gambled away public trust which was invested in them," Mr. Schmidbauer said. (Reuters)

## Denial on Nazi Gold

ZURICH — Swiss insurance companies insisted Tuesday that they had played only a minor, indirect role during World War II in pressing for Switzerland to accept Nazi gold.

A historians' report made public Monday said the insurance companies joined with banks in urging Switzerland to accept the gold right up to the end of the war in 1945. The historians said there were plenty of warnings that the Nazis had been amassing tainted gold.

The Swiss insurance association said in Basel that the companies had played only a minor role and only in the final phase of the war. Riccardo Jagmetti, president of the organization, said the insurers were trying to cover debts owed them by German borrowers. (AP)

# Denmark Vote Could Derail EU Treaty

Compiled by Our Staff From Dispatches

COPENHAGEN — As Denmark prepares for a referendum Thursday on the latest European Union treaty, thoughts inevitably turn to 1992, when the Danes did the unthinkable by rejecting the Maastricht treaty.

Six years later, the country of 5 million people is regarded as the only EU member that might not ratify the Amsterdam treaty, the nearly year-old agreement intended to reform institutions as the EU prepares to expand eastward.

Two opinion surveys published Tuesday showed opposite trends.

A Gallup Poll indicated that the lead of treaty supporters had narrowed to 8 percentage points from 10 in a previous survey, while a Sonar survey suggested that the supporters' lead had widened to 16 percentage points from 14 in Sonar's previous poll.

Like its predecessor, the Amsterdam treaty must be ratified by all EU members to come into force. A negative result would inevitably summon up the turmoil that greeted the shock result of the Danish referendum on June 2, 1992.

Prime Minister Poul Nyrup Rasmussen, a Social Democrat, has thrown his full weight behind the "yes" campaign for the latest treaty.

Still, he is cautiously optimistic. "Past experience has shown that no match is ever won before the final whistle," he said, recalling Denmark's rejection of the Maastricht treaty.

"There are still a lot of undecideds who have a healthy skepticism toward Europe, and I understand that," he said, adding that he would "continue to fight until the day of the vote to explain and convince the undecideds to make the right choice."

The Maastricht treaty dealt with fundamental issues that are still controversial among Danes — the single currency, a joint EU defense and EU authority over some areas of domestic affairs. Just 46,000 votes made the difference in the 1992 vote, when the "no" vote won by 50.7 percent to 49.3 percent.

The language of the Maastricht treaty, especially the frequent use of the word "union," probably alienated some voters, said Ole Borre, professor of political

sociology at Aarhus University.

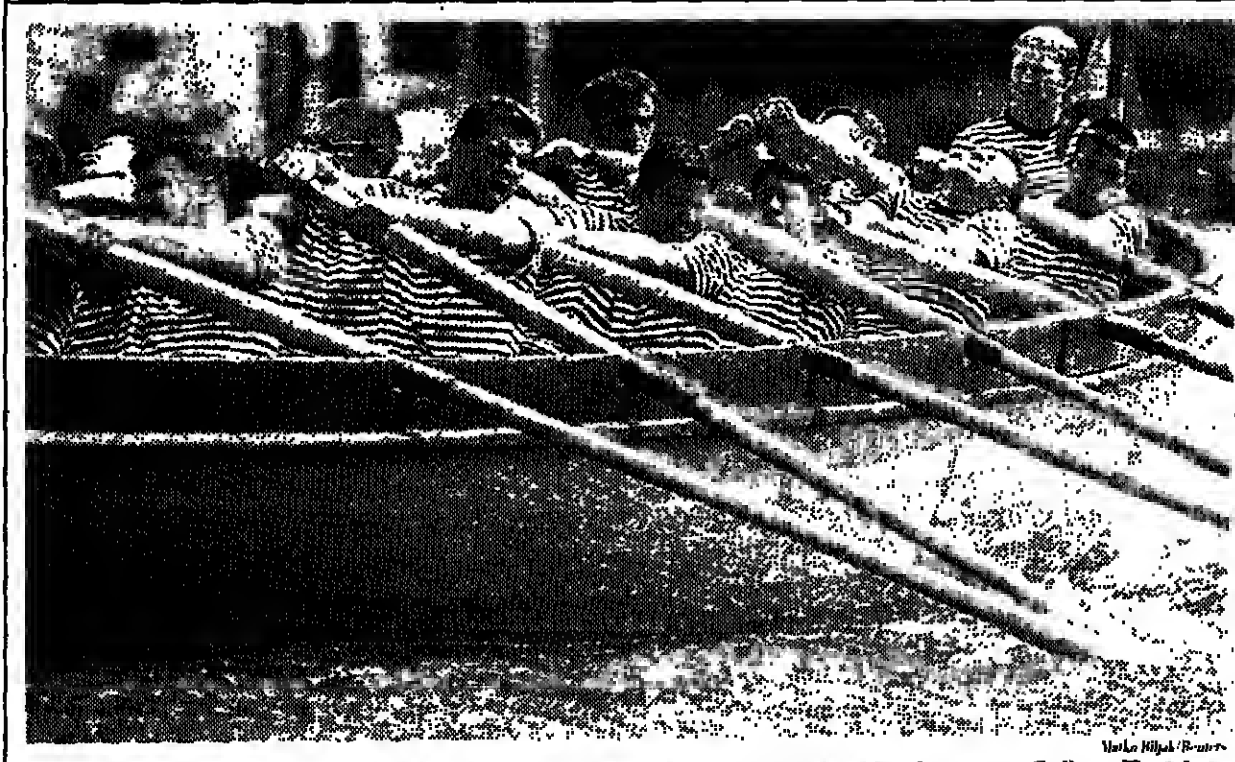
"In Danish it implies a very close relationship," he said. "As soon as you open the Maastricht treaty, that word stares you in the face. It was like telling the voters, 'You have had your economic ties, now how about a bit of sex.'"

After months of political chaos, EU leaders agreed in December 1992 at Edinburgh on a special status for Denmark under the treaty. It gave the country exemptions from taking part in the single currency, common defense, union citizenship and police and legal cooperation.

In a referendum on May 18, 1993, Danes voted 57 percent to 43 percent in favor of the revised treaty.

Former Foreign Minister Uffe Ellemann-Jensen on Tuesday predicted a narrow victory for the "yes" camp in the referendum Thursday, adding that a negative result would be a problem for Denmark.

"It will be a close race," he said. "I shall be deeply worried until I see a narrow 'yes' on the night of the 28th." (Reuters, AP)



FULL STEAM AHEAD — Croatian cadets competing in a race at the naval academy near Split on Tuesday.

# Schools in East on the Slide

Post-Communist Education Is More Costly and Erratic

The Associated Press

GENEVA — Education in the developing economies of Central and Eastern Europe and the former Soviet Union is now worse in some ways than under communism, according to a United Nations children's agency report issued Tuesday.

As the region's cash-strapped governments tussle with the change to free-market economies, the cost of education has risen and less money is available to improve it, according to the UNICEF study of 27 countries.

Many youngsters in the region who would have attended school a decade ago no longer do so because of the high cost of education, war or social changes, the 135-page report says. Furthermore, the quality of education that children receive is more erratic and depends more on their parents' wealth than before, it says.

"In the upheavals since the achievements of the communist system have been threatened," a background document to the report says. "In many countries, education can no longer prepare children for the future."

The study also highlights failings of communist-style education, asserting that it was rigid and left children with few options.

Some education reforms since communism's demise nearly a decade ago have been positive, said John Micklewright, research head of the UNICEF International Child Development Center in Florence, which compiled the report.

But numerous changes in national systems have worsened the situation, Mr. Micklewright said in an overview to the study.

The cost to families of educating the region's nearly 115 million youngsters has risen sharply, the study said.

"Reports abound in some parts of the region of parents paying teachers in state schools for extra lessons, of having to bribe to secure good exam marks and of having to make contributions to get their children into good schools," Mr. Micklewright said.

Education spending has dropped in almost all countries, with especially deep cuts in Georgia, Azerbaijan and Bulgaria. In Bulgaria, outlays have fallen almost 75 percent, the report said.

Many countries' schools are in "dire disrepair," the report said, and heating in winter has become a serious problem in several countries, including Kyrgyzstan, Moldova and Macedonia.

Enrollment and attendance have dropped, especially in less-developed countries. More than 30,000 preschools closed in the former Soviet Union from 1991 to 1995.

School meals, after-school supervision and medical attention have declined.

For example, 250,000 Georgian children received health checks in 1996, down from about 670,000 in 1989.

The growth of better-financed upper secondary and private schools may help more able children and those from better-off families, but does little for others, Mr. Micklewright said.

War severely disrupted the education of thousands of youngsters in Bosnia-Herzegovina, Croatia, Georgia, Azerbaijan and Tajikistan.

The report recommends, among other measures, more flexibility in pupil selection, examination and teaching reforms and an investigation of child labor and its links to school attendance.



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## INTERNATIONAL

# Gingrich Tells Knesset: Jerusalem Is the Capital

**The Associated Press**  
**JERUSALEM** — In an outspoken speech to the Israeli Parliament on Tuesday, Newt Gingrich, the U.S. House speaker, went beyond the bounds of American foreign policy and declared Jerusalem "the united and eternal capital of Israel."

Mr. Gingrich, who is scheduled to meet Wednesday with Yasser Arafat, the Palestinian leader, angered Palestinian officials with his pro-Israel stance and attacks on the Clinton administration's Middle East policy.

In comments following his speech, he

accused Mr. Arafat's Palestinian Authority of "inciting violence" or "sustaining violence."

"I think that's exactly wrong," he said.

Ahmed Qureia, speaker of the Palestinian Council, said: "Why does Gingrich hate the Palestinian cause so much? It's good for Gingrich to talk about Georgia, but he doesn't have the right to talk about a region where the two parties haven't reached a settlement."

A Palestinian official said it was still possible that Mr. Arafat might cancel his meeting with Mr. Gingrich to protest the congressman's positions.

The question of Jerusalem, claimed by both Israel and the Palestinians as their capital, is one of the most explosive in the Arab-Israeli conflict. The Clinton administration, like most world governments, has held off recognizing the city as Israel's capital until its final status is settled in peace talks.

In a news conference Tuesday evening, Mr. Gingrich appeared to be trying to soften his remarks on Jerusalem.

Asked if the Palestinians had a right to the city, he said: "It's a perfect example of what needs to be in direct negotiations. The Palestinians and Mr. Arafat have to sit down and work it out with the Israelis."

But in his speech before the Knesset, he said, "We in Congress stand with you today in recognizing Jerusalem as the united and eternal capital of Israel."

Three Arab-Israeli legislators heckled Dan Tichon, speaker of the Knesset, when he introduced Mr. Gingrich, then walked out before the congressman spoke.

Mr. Gingrich said he was not offended by their actions. "I was saddened, because it was a chance for views to be exchanged," he said.

Mr. Gingrich has accused the Clinton administration of siding with the Palestinians by pressuring Israel to accept a 13 percent pullout from the West Bank. "Israel alone must determine its security needs," he told the Israeli lawmakers. "We cannot allow non-Israelis to substitute their judgment for the general that Israel has trusted with its security. If Israel is to take risks for peace, as she often has done in the past, it must be risks she accepts, not risks that are imposed upon her."

Earlier Tuesday, Mr. Gingrich pulled out of a symposium on missile defenses that was to be chaired by a U.S. professor who has accused Yitzhak Rabin, a former Israeli prime minister, of running a police state.

The professor, Robert Loewenberg, said his remarks had been taken out of context and accused Israeli politicians of creating controversy to embarrass Mr. Gingrich, an avid supporter of Prime Minister Benjamin Netanyahu.

Mr. Gingrich refused to answer reporters' questions Tuesday about the symposium, which was to have taken place in the afternoon at the Parliament, with Mr. Gingrich as a key speaker.

Mr. Loewenberg wrote last year that Mr. Rabin "effectively transformed Israel into a police state" in trying to crush opposition to his peace agreement with the Palestinians.



Speaker Newt Gingrich addressing the Knesset in Jerusalem on Tuesday.

# Clash in East Jerusalem

## Mayor Orders Razing of Settlers' Dwellings

By Joel Greenberg  
 New York Times Service

**JERUSALEM** — Jewish settlers built makeshift dwellings on disputed land in the Muslim Quarter of the Old City of Jerusalem on Tuesday, setting off a clash between Israeli policemen and Palestinians and prompting the mayor of Jerusalem to issue a demolition order.

In the fighting that erupted at the building site, Palestinians pulled down a settlers' hut, and Palestinian cabinet members and lawmakers were shoved away by club-wielding border policemen.

Foundations for the unlicensed settlement were laid Monday without intervention by the Israeli authorities. By the time orders were issued Tuesday to stop the construction, it had mushroomed into a new flashpoint of conflict in East Jerusalem, aggravating the strained relations between the Israeli government and the Palestinian Authority.

Tensions in East Jerusalem have been running high since Sunday, when Israel celebrated the 31st anniversary of its capture of the area from Jordan in the 1967 Arab-Israeli war.

Palestinians claim East Jerusalem as the capital of their hoped-for state, and view any Israeli building there as an attempt to sabotage future talks on a final peace agreement. Israel asserts that the area will forever remain part of its undivided capital.

The Ateret Cohanim settlement group, which has bought properties and moved Jews into homes in the Muslim

and Christian quarters of the Old City and elsewhere in East Jerusalem, made the new settlement attempt in response to the fatal stabbing of a settler earlier this month.

The settlers erected nine metal huts on Tuesday morning after pouring foundations Monday on a plot of land they claim near the Old City walls.

"We are working to preserve the unity of the city of Jerusalem, and to make clear to the Arabs that the city will not be divided," said Kalila Har-Not, a spokeswoman for the settlers. "If Jews can live in New York or anywhere in the world, they can certainly live in their own country."

After the huts went up, the Israel Antiquities Authority obtained a court injunction barring further construction on the grounds that the work was on a historic site and damaging the centuries-old walls of the Old City.

But the structures were already in place, and the settlers went on with other work, bringing in a water tank and stringing up electric bulbs and Israeli pennants. Women with babies and yeshiva students joined the men in the area, and the police made no move to evict them.

The Jerusalem municipality, which took no action Monday as the foundations were laid without a permit, issued its own stop-work order Tuesday after the construction set off a storm of protest by Palestinians and Israeli peace advocates, who came to the area to demonstrate. Mayor Ehud Olmert signed a demolition order Tuesday evening, requiring the settlers to leave in 24 hours.

# Renewed Wave Of Bombings Hits Algeria

**ALGIERS** — A bomb ripped through a market south of Algiers on Tuesday, killing seven people and wounding 20 others, security services said.

The bomb, according to witnesses, was hidden in a cow's carcass, which was being brought to a butcher's shop in the Khemis-Miliana market, 110 kilometers (70 miles) south of the capital.

There was no claim of responsibility, but such violence is usually linked to militants leading an Islamic insurgency.

Another bomb was reported on Tuesday in Douira in the Tipaza district, west of Algiers. A resident, speaking by phone, said five people were wounded in the blast.

"The bomb was planted by a hus

stop," a witness said.

The blast in Ain Defla Province was the second bomb attack on a market in five days. On Friday, 16 people were killed and another 61 wounded at an open-air market in the El Harach suburb of Algiers.

A recent surge in violence in the area has been blamed by the authorities on members of the Armed Islamic Group, the most radical of Islamic groups fighting the government of President Liamine Zeroul of Algeria.

Bomb attacks against civilians are commonplace in Algeria, where an armed Islamic insurgency has been battling the authorities since 1992. Western and humanitarian sources estimate the violence has claimed some 65,000 lives.

Observers said the attack Tuesday appeared to mark a return by the Armed Islamic Group to attacks on civilian targets, which have been rising this month.

In further bloodshed, six Algerian police officers were killed in two attacks by suspected militants of the Armed Islamic Group, Algerian papers reported Tuesday.

One attack occurred Monday near Tiziuz, a town 100 kilometers east of Algiers against police officers who were about to put up a roadblock, the Tribune newspaper reported. (AP, AFP, Reuters)

# SNUB: U.K. Veterans Protest Akihito's Visit

Continued from Page 1

the two island countries.

But a group of British military veterans — men held as prisoners of war by the Japanese in World War II — were hardly in a celebratory mood. Several hundred of them, wearing their medals and waving the Union Jack, turned their backs and shouted insults as Emperor Akihito rode into Buckingham Palace on Tuesday in a gilded horse-drawn carriage.

The veterans were joined in their snub by many ordinary people lining the route.

The veterans say they were the victims of brutal treatment at the hands of the Japanese Army. They have demanded an imperial apology and cash compensation of £14,000 (£23,000) apiece.

The Japanese press has responded acerbically to the veterans' demands, noting that the British veterans were conquerors and jailers in East Asia before they were conquered, in turn, by Japan.

"The Japanese Army never invaded England," noted the weekly news magazine Shukan Shincho. "The only British soldiers captured were the ones enforcing imperialism in Asia."

Some voices here have made the same point. But most of the columns and commentary focus — as the Tuesday edition of The Mirror put it — on how "our heroes" were "victimized by unspeakable brutality."

The Japanese prime minister, Ryutaro Hashimoto, has joined Mr. Blair in the

effort to defuse the argument. He sent an open letter to the British expressing "deep remorse and heartfelt apology" for the suffering of the prisoners of war.

At the state dinner Tuesday night, Emperor Akihito, whose comments are scripted by Mr. Hashimoto's government, said he and his wife felt "deep sorrow in our hearts" over the suffering of the British prisoners of war.

## A Balancing Act for Blair

Amid booing and jeering of Emperor Akihito, some of the prisoners whistled the wartime tune "Colonel Bogey" featured in the film "Bridge on the River Kwai," which depicted life in a Japanese labor camp, Reuters reported.

Arthur Titherington, chairman of the Japanese Labor Camp Survivors' Association, said: "The fact that so many people have turned out gives us considerable pleasure. It shows we are not alone."

The scale of the protest underlined the tricky balancing act Mr. Blair has to perform during the visit — acknowledging the wartime suffering while urging ever closer ties with one of Britain's most important economic partners. His aides have pointed out that inward investment by the 265 Japanese companies operating in Britain has provided 65,000 jobs and that British exports to Japan total £4.2 billion (\$6.8 billion) a year.

"My generation knows that it owes an especial debt of gratitude to those who went through that suffering and gave



Emperor Akihito standing with Queen Elizabeth II at their national anthems were played Tuesday in London at the start of his state visit.

# GERMANY: Opposition Prepares

Continued from Page 1

his government spokesman and shook up his campaign team by adding a new media adviser.

Mr. Schroeder also left himself room for changes in the autumn, which could be necessary if Mr. Schroeder needs to accommodate members from other parties in his coalition.

Although Mr. Schroeder emphasized that final ministry postings were not made, a spokeswoman at the Social Democratic Party's campaign center in Bonn said the names listed by Mr. Schroeder represented his likely cabinet.

Mr. Schroeder would elevate the party's parliamentary leader, Rudolf Scharping, to foreign minister. Mr. Scharping unsuccessfully ran against Mr. Kohl in 1994.

Mr. Schroeder already announced that Walter Riester, the deputy chief of the metalworkers union IG Metall, would be his choice for labor minister. Mr. Riester would hold a crucial government post at a time of record unemployment.

Rolf Schanitz, an East German who represents his district in Saxony in the Bundestag, would be responsible for East German policies. Otto Schily, a former member of the Greens, would become interior minister. Edelgard Bulmahn would spearhead education and environment issues. Justice Ministry would go to Herta and Pauline-Gamelin.

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### THE INTERMARKET

Continues on Page 14

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INTERNATIONAL

# IMF Cautiously Returns to Jakarta

## Fund Seeks Ways to Resume Aid Amid Deepening Economic Turmoil

By Seth Mydans  
New York Times Service

JAKARTA — Indonesia's political upheaval has worsened its severe economic problems, and a team from the International Monetary Fund arrived here Tuesday to explore ways to restart its international rescue package.

The country's political and economic crises have become intertwined in a dangerous downward spiral and the fund's Asia director, Hubert Neiss, said that the country must urgently address its leadership questions if it is to begin a real recovery.

"We have to recognize that the economic measures will only work and be really effective if there is political stability," he said. "Along with political stability, it is important that the trust of the people in the government is restored, the support of foreign governments is obtained and market confidence is returned."

But on Tuesday, the country's political situation was far from stable. President B.J. Habibie, who took office Thursday when former President Suharto resigned under pressure, promised Monday to hold a new election, but that plan has accelerated a struggle over the future leadership of the country.

Rather than an orderly transition to a stable new leadership, there was the possibility of political chaos as long-suppressed forces began jockeying to fill the political vacuum left by the sudden departure of the strongman who held Indonesia in his grip for 32 years.

New political parties began forming and the formerly illegal labor movement and newly potent student movement



President Habibie mimicking photographers Tuesday while visiting the site of arson damage in Jakarta.

marshaled their forces. Opposition figures debated ways to hurry a transition of power, and the powerful military waited in the wings, its agenda still uncertain.

Mr. Neiss said he would assess the situation as quickly as he could and report back to the IMF board, which must decide whether to resume disbursements from its \$40 billion rescue package that was suspended Friday, one day after Mr. Suharto stepped down.

On Friday, the U.S. Treasury secretary, Robert Rubin, said it would be premature for the fund to resume disbursements as long as the political situation remained unclear.

Mari Pangestu, a leading economist in

Jakarta, said the IMF, the World Bank and international investors remained wary of Mr. Habibie's government, although he had installed a credible economic team made up mostly of holdovers from Mr. Suharto's cabinet.

"The greatest fear is that we will have months of uncertainty," she said. "Certainly, the economic conditions have gotten much, much worse. Analysts used to say recovery would take three to five years. Now they're saying four to five years, after the last two weeks. I don't know how political transition, or certainty, will come about, but it has to come quickly."

Apart from the political questions, Mr. Neiss will find a severely weakened economy as he surveys the current situation. As it recharts its game plan, the IMF will need to revise downward its estimates of the country's economic potential, economists said.

Foreign-exchange reserves have fallen to dangerously low levels and the government has compensated by printing new money, driving up inflation to a projected 47 percent rate this year, a foreign economist said.

The country's privately held foreign debt, estimated at as high as \$70 billion, remains an intractable problem. The banking system is on the verge of collapse. Its peril was heightened Tuesday today by a run on the country's largest private bank, Bank Central Asia, which is partly owned by two of Mr. Suharto's six wealthy children and was a prime target of rioters two weeks ago, reportedly losing 122 offices and 1,250 automatic teller machines to vandals and thieves.

Surveying the economic wreckage,



Jakarta residents waving Tuesday at President Habibie, who was touring a shopping center burned in the riots.

private economists have revised downward the estimate of the IMF that the Indonesian economy shrank by 5 percent last year. Various estimates put the shrinkage at anywhere from 10 percent to 25 percent.

Miss Pangestu estimated that unemployment this year would rise to more than 15 million, or nearly 20 percent of the workforce. With food prices rising sharply, she said this meant that as many as 58 million people would soon be below the poverty line, up from 22.5 million at the start of the year.

"You aren't going to see any investment coming in for a while," she said. "The more you look at the numbers, the gloomier it gets."

The situation is compounded by the country's worst drought in half a cen-

tury, which has parched harvests and made it necessary to spend huge amounts of the country's scarce foreign currency on imported food.

In a speech Monday, Mr. Habibie acknowledged the need for stability. "We must honestly admit that our success in overcoming the economic crisis depends largely on foreign loans," he said. "Foreign loans are influenced by our success in stabilizing domestic political life."

### Habibie Vows to Fight Racism

Mr. Habibie visited Jakarta's Chinatown on Tuesday and vowed to build a new Indonesia that was free from racism, Reuters reported.

"In Indonesia, we do not recognize racial or religious differences among

people," Mr. Habibie said, adding that the government would not tolerate racism "in any form."

Jakarta was ravaged by rioting on May 14 that claimed nearly 500 lives. Chinatown was the scene of some of the worst rioting and arson as mobs turned against Indonesia's Chinese ethnic minority, which make up only 3 percent of the country's 200 million population but control about half its economy.

The violence sent ethnic Chinese throughout the country fleeing to neighboring nations like Singapore, Malaysia and Australia.

Mr. Habibie called on people to be calm and to take their protection into their own hands by forming vigilante groups if they felt threatened before the military could come to their aid.

# MICROSOFT: Employees at an Isolated 'Campus' Can't Understand Why Their Company Is So Misunderstood

Continued from Page 1

logical optimism that has deep roots in American culture, they believe they are defending both the best form of capitalism for the future and their own way of life.

Sharper than average, more driven than is entirely normal, Microsoft employees believe in the liberating nature of software and in their mission to deliver it to the world. Unlike many of their Silicon Valley counterparts, who tend to hop from company to company, Microsofters, as they refer to themselves, show a strong allegiance to their corporation and its chairman, Bill Gates.

"They are well rewarded for their zeal: a recent tally placed the average paper profit per employee from company stock options at more than \$1 million — an exceptional measure of wealth even for the high-technology industry."

Still, the nearly unanimous repudiation of the Justice Department's view among the software maker's rank and file seems motivated as much by a reflexive defense of the corporate culture that thrives here.

The government holds that Microsoft is illegally using the near-monopoly of its Windows operating system to dominate the market for software used to view the World Wide Web. In addition, its lawsuit says the company is doing the same with Internet commerce.

The government insists that traditional antitrust safeguards must be enforced to prevent a situation in which consumers one day find themselves utterly dependent on Microsoft for all things digital — not just one product or one industry but all the facets of life that are rapidly being transposed to cyberspace.

But through Microsoft's digital lens, limiting what can be seen together with computer code flies in the face of the revolutionary nature of technology. After all, company loyalists argue, the constant flux of technology guarantees a competition more intense than in any previous market — even if there is nothing on the immediate horizon to challenge the supremacy of Windows.

Which side of the ideological chasm prevails — or whether it can be bridged with a settlement — may very well determine the definitions and principles that shape the course of capitalism through the digital age.

"You look back and Rockefeller was in oil, Carnegie was in steel; it all seemed very simple," said Ron Chernow, the business historian whose biography of the Standard Oil magnate John Rockefeller, "Titan," was published by Random House this month. "I never dreamt we would reach the situation where the question is, 'What is a product?' It's almost metaphysical."

The antitrust case against Microsoft is seen by many as a challenge to the culture of the 23-year-old company, where some employees can still remember Mr. Gates, the company's founder and now by far the richest man in the United States, sleeping on the floor and talking about building Microsoft into an "institution."

The government's legal attack seems only to have heightened awareness here of the boundaries between those with key cards to the "campus," as Microsoft's ever-expanding enclave here is called, and those who do not.

That may be, in part, because self-doubters do not often make it through Microsoft's hiring process.

"When I'm interviewing somebody I say to them, 'Tell me about something you've done that you're particularly proud of,'" said Jeff Raikes, vice president for sales and marketing. "If they couldn't immediately come up with something that their eyes lit up, I knew they weren't the kind of person for Microsoft."

Mr. Raikes added: "We believe. I believe. Quite obviously I don't have to continue to work at Microsoft or any

company, but I choose to because 20 years later it's that same sense of what software can do for people that captures my enthusiasm."

That mantra of technological optimism is echoed by many throughout the company. But it is in part the jarring juxtaposition of idealism with a cutthroat competitive drive that earned Microsoft its reputation as the software industry's "Evil Empire."

Working in identical office cubicles throughout the company's 36 disconcertingly uniform buildings are many people who are similarly gung-ho. Many are also similarly oblivious of the concerns of people who seem not to grasp the breakneck pace of change that drives the software industry and, they think, will soon set the pace for the rest of the world.

"I graduated from college in 1987, and we had punch cards," said Steven Sinofsky, general manager of Microsoft Office, which includes the word pro-

cessor Microsoft Word and grosses in two months what the movie "Titanic" has grossed since its release. "Five years ago, everyone was using WordPerfect. Five years before that, Wordstar. We have a sense of how tedious things are." The insinuation: Others do not.

### A mantra of technological optimism is echoed by many throughout the company.

Mr. Sinofsky, who joined the company in 1989 and lives in an apartment about the size of his cubicle, said he continued to work at Microsoft because when he added a feature like multiple languages to Microsoft Word he could affect the lives of millions of people.

John Brockman, author of "The Third Culture" (Simon & Schuster, 1995), which argues that the values and ethos of science and technology are trivialized even as the fields themselves become central to American life, says of Mi-

crosoft employees: "They're operating in a mind-set that's outside the tautological knowledge structure of most of the people who run the country. Microsoft is getting all this flak for not paying attention to Washington. Why should they? Gates has created an operating system that's become the central nervous system for an entire global culture."

A former Microsoft executive put it less charitably. "They all drink the same Kool-Aid," he said of his one-time colleagues. "It's their biggest strength and their biggest weakness."

Still, some analysts say that although Silicon Valley competitors such as Apple Computer Inc. or Netscape Communications Corp. have managed to take on the mantle of technology freedom fighters, they operate on the same competitive principles as Microsoft.

"All of these Valley companies just wish they were Microsoft, and they would be just as bad," said David

Bannell, publisher of Upside, a technology trade journal. Mr. Bannell worked with Mr. Gates and his former partner, Paul Allen, in the company's infancy in Albuquerque, New Mexico. "I happen to think there's a lot of validity to the antitrust suit. But Microsoft is no worse than any of these other guys. They're just more successful."

What is different about Microsoft is its distance from Silicon Valley. Rather than trading jobs for a better deal down the block, employees tend to stay put. With only a 7 percent turnover rate, Microsoft will hire 3,000 recruits this year.

The insularity helps to reinforce a monolithic culture in which employees cultivate an almost fanatical devotion to their work and to Mr. Gates, whose combative cross-examinations on minute details are as legendary as his accessibility by e-mail to the lowliest employee.

His geographic seclusion may also help explain Microsoft's sense of alienation from mainstream culture — or at least from the government.

# ARRESTS: Raids in 5 Nations

Continued from Page 1

actions had been planned in France next month, but the Interior Ministry said in a statement that a lengthy investigation brought it to the conclusion "that terrorist actions were being prepared as the World Cup grew nearer." It said that raids and searches were continuing and that further developments could be expected.

Officials in France said the raids there uncovered documents, computer disks, video cassettes, false identity papers and what the ministry said was "significant" sums of cash. Reports said that only one firearm had been seized and that no explosives had been found.

In the 1995 attacks in France, assailants packed explosives and nails into gas cylinders and set off explosions in commuter trains and elsewhere.

In Belgium, the police raided several places in Brussels and the southern city of Charleroi. A large North African community, principally Moroccan, lives in the Belgian capital and there has been increasing concern about the actions of fundamentalists, who have been involved in two outbreaks of rioting this year.

The police in Italy said at least nine people had been detained in a continuing operation aimed at suspected Islamic fundamentalist sympathizers in the Milan region. A prosecutor, Stefano Dambruoso, said telephone taps had revealed "increasing talk of arms and forged identity papers and passports." He said there were indications of an operation linked to the World Cup.

And a spokesman for the Swiss federal prosecutors' office said an undisclosed number of people had been detained.

The raids, coordinated by the Lyon-based international criminal police organization Interpol were headed in France by the senior anti-terrorism investigator, Judge Jean-Louis Bruguiere.

The judge flew to Germany on Tuesday after the police there reported the arrest of two suspected aides to Hassan Hattab, believed to be the head of the Armed Islamic Group in the mountainous region east of Algiers, where many of the massacres have taken place.

About 400 French police officers in plainclothes or black combat gear with stubby automatic weapons, took part in the raids shortly after daybreak.

The raids were part of a huge security effort in France surrounding the World Cup, which will take place in 10 cities. The police, in collaboration with forces in Britain and other European countries, will also try to prevent outbreaks of soccer hooliganism and gang warfare during the tournament.



A suspect being taken into police headquarters in Paris.

# Cholesterol Drug Shown As Helping the Healthy

The Associated Press  
CHICAGO — Six million healthy Americans with ordinary cholesterol levels might benefit from taking cholesterol-lowering drugs, researchers say.

Healthy men and women taking lovastatin, sold as Mevacor, reduced their risk of serious heart trouble by 37 percent, according to a five-year study to be published Wednesday in the Journal of the American Medical Association.

"We estimate that 6 million Americans not recommended for drug treatment may benefit" from lovastatin, said the authors, led by Dr. John Downs of Wilford Hall Medical Center at Lackland Air Force Base in San Antonio, Texas.

The findings were also released in November at an American Heart Association meeting and were reported by The Associated Press at the time.

The study involved 6,604 men and postmenopausal women from the ages of 45 to 73 whose average total cholesterol was 221, higher than the recommended cutoff of 200 but typical for Americans. "Good" cholesterol, or HDL, levels averaged 36, lower than the recommended cutoff of 40. "Bad" cholesterol, or LDL, averaged 150, higher than ideal but also typical. Half of the participants got lovastatin, half got dummy pills.

Overall, there were 299 instances of heart attack, serious heart pain or fatal cardiac arrest. Women taking lovastatin had 46 percent lower risk of heart trouble than the other women. The risk for men on the drug was 37 percent lower. However, the journal noted that cholesterol-lowering drugs — lovastatin is the first of five similar "statin" drugs — cost \$900 to \$1,800 a year at the levels used in the study. The drugs also must be taken for life.

# RUSSIA: A Plea to the IMF for Help Amid Tumbling Markets and Worsening Turmoil

Continued from Page 1

two IMF representatives and Russian delegates about the release of a \$670 million portion of a previous IMF loan, according to government sources.

The installment is part of a \$9.2 billion package previously worked out with the Fund. The IMF has held up the release of the latest segment while evaluating Russia's spending and tax-collection policies.

Since autumn, Russia has suffered from a combination of homegrown and international ills.

Laggard tax collection has created delays in payments of salaries to state workers and soldiers as well as pensions to retirees. High interest rates have eaten into the budget, aggravating the government's ability to pay for public services.

Nervous investors have fled the Rus-

sian stock and bond markets partly in fear of an Asian-style meltdown and partly because of the risks of investing in Russia's lawless capitalist jungle.

Abroad, the prices of oil and gas have fallen and the declines have eaten into the earnings of Russia's main natural resource exporters — and their ability to pay tax arrears.

A clear symptom of the problems brought on by the oil slump appeared Tuesday during a scheduled auction for 75 percent of RAO Rosneft, the last major oil company to be privatized. No one bid for the company, which was priced at \$2.1 billion. The government had hoped to use the funds to make up budget shortfalls. Low oil prices made the prize unattractive to bidders, analysts said.

Similar headaches precipitated the downfall in March of the government led by Prime Minister Viktor Chernomyrdin.

His successor, Mr. Kiriyenko, was named by President Boris Yeltsin to manage Russia's economy to health and provide growth. In his first full month in control, Mr. Kiriyenko has been buried in an avalanche of adverse economic news.

The mine shutdown was a particular blow to Mr. Kiriyenko. Before rising from obscurity to the post of prime minister, he had been in charge of settling disputes in the coal industry. On Tuesday, miners unblocked the last occupied tracks in northern Russia on the promise that back wages and other benefits would be paid.

The problems in the mining industry are emblematic of Russia's mixed bag of economic troubles.

Although privately owned, the mines depend on many state customers for income — and many of these are indigent and refuse to pay their bills. As a result, the miners get no pay. Mine

owners also siphon off money meant for wages, Russian critics contend.

Previous energy ministers have provided stopgap solutions to the problems, but none were able to untangle the intricate web of nonpayment by coal customers and mine management alike.

Mr. Yeltsin followed a familiar pattern of blaming marginal forces for Russia's ills. In the mine case, he said the press and television had blown the problems out of proportion and inspired the miners to obstruct the rail lines.

However, even the bond market has been rocked by concern over the soundness of Russian finances. The business tycoon Boris Berezovsky, through a newspaper he owns, compared government bonds to a pyramid scheme. Investors, he said, were simply being paid in bonds with ever higher interest rates, but ever riskier chances of getting paid off.



# INVESTING IN POLAND

## IMPLEMENTING 'GROWTH THERAPY'

After shock therapy, priority is expansion.

The second time around is a lot easier for Finance Minister Leszek Balcerowicz. The economy that he "shocked" into restructuring during his first stint as minister of finances (1989-1991) is now purring along. Extending its string of excellent annual results, Poland recorded a near 7 percent rise in GDP in 1997, and a 5.7 percent increase is forecast for 1998.

Economic growth is being impelled by the industrial sector, which recorded a 22 percent rise in output during 1996 and 1997, stimulated by a massive inflow of capital. The country invested \$17.4 billion in its long-term capital stock, up 26 percent over 1996's record. Of the 1997 total, a third went to the manufacturing sector, whose capital intake rose 38 percent in 1997.

About one-third of the country's long-term capital — \$6.6 billion — came from abroad. This foreign direct investment (FDI) total was one of the best annual results in the region. As of the end of 1997, Poland had secured \$20.6 billion in FDI over the last nine years.

### Positive impact

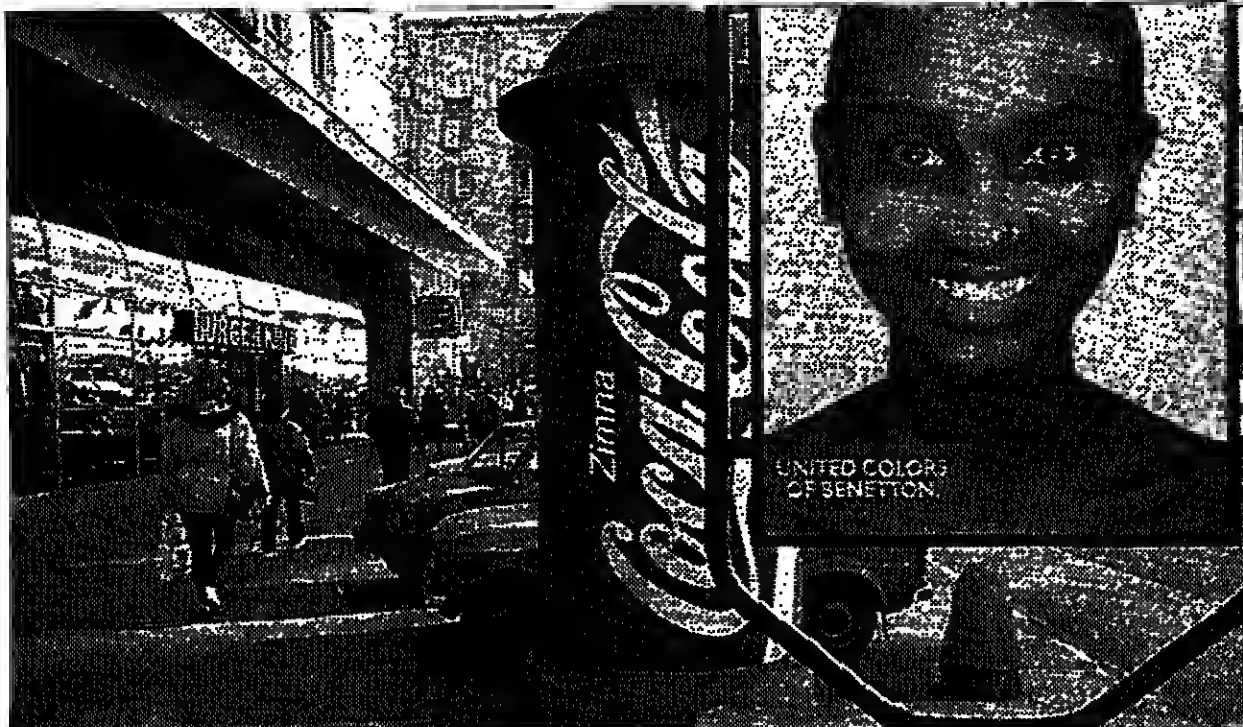
According to PAIZ, the Polish Agency for Foreign Investment, the country's FDI figure is set for another record rise in 1998. Commitments by major foreign investors as of the end of 1997 came to \$10.8 billion. This was up sharply from the previous record of \$7.9 billion in 1996.

Economic growth is having a positive impact on government finances and on daily life in Poland. In 1997, the government budget deficit amounted to 1.4 percent, one of the best results in Europe, and more than a percentage point lower than that of 1996. Inflation is now at around 13 percent, about two points lower than a year ago. Poland's current 10.6 percent unemployment rate is three points lower than it was 12 months ago.

Another positive development is the wage restraint shown by the country's workers, whose average wages remained stable during 1997. There is room for improvement, however, in the country's trade balance, which is now running a deficit of more than 11 percent.

Despite these results, Mr. Balcerowicz is continuing his reform efforts, particularly in the economy's key sectors — heavy industry, mining, agriculture and health care. Political and societal considerations have blocked the restructuring and privatization of these sectors.

Some 34 percent of all companies in Poland are still owned by the public sector. Many state-owned companies are laboring under large and rising payrolls. Several important



Good times for Poland: Continued economic prosperity and a favorable business environment are attracting foreign investors.

privatizations in the above-mentioned sectors have repeatedly been postponed, and others have been carried out in accordance with the country's political rather than economic realities.

Following an ambitious plan formulated by Poland's cabinet, the revamping of the country's chemical and oil-processing industries has begun. The plan's objective is to double the industries' output by 2005 through the investment of \$2.8 billion, half of it to come from abroad, in 105 individual projects. The key aspect of the revamping is the merging of the state firms Petrochemia Plock and Centrala Produktów Naftowych, and this new company's subsequent privatization.

Political pressures notwithstanding, the previous Polish governments had worked diligently to trim the bloated, loss-making coal sector, closing down 11 of the country's 60 mines in the process. The moves failed to slow down the coal sector's increasing net indebtedness, however. To counter this alarming trend, the present administration, headed by Prime Minister Jerzy Buzek, has implemented tough measures that will reduce both personnel and output by 38 percent.

In implementing this far-reaching restructuring, the Buzek administration has a trump card to play: the European Union. One subject of the negotiations now taking place between Poland and the EU is how and when the country's industrial sector will be made fully accessible to non-Polish companies. This freedom of access is a prime precondition of accession to the Union. ■

For further information:  
Polish Agency for Foreign Investment (PAIZ)  
Al. Róż 2, PL-00-559 Warsaw  
Tel.: (48 22) 621 6261 or 621 8904, Fax: (48 22) 621 8427

## ELECTRICITY GENERATION: GOING PRIVATE

Poland's electricity sector, which consists of 33 power stations and an equal number of distribution companies, is in the process of being privatized. Often postponed, this process has attracted a huge amount of investor interest. Seventeen bids were submitted by major foreign power suppliers for the Patrow-Adamow-Konin generating complex, the second largest in Poland, and the second to be put on the block.

The first, the Leg power station, was acquired by Electricité de France in October 1997. A wide range of other power plants are expected to follow in the course of the year. All told, the privatization and the subsequent modernization of the power plants is expected to trigger an influx of \$50 billion into Poland over the next decade.

### Level playing field

Looking at the power sector's fundamentals, it is hard to understand why the world's electricity generating industry is rushing to buy up stakes in the Polish market. The price of electricity is currently about one fifth lower than needed to finance plant modernization. Some 30 percent of these plants are hopelessly outdated, and the rest require upgrading of their environmental protection and other facilities. The rush has been set off by a new energy sector law. Promulgated in December 1997, the law creates a level playing field for both domestic and international investors. Based on a British model, it also gives extensive powers to the new independent power-sector supervisory authority.

## BANKING ON MODERNIZATION

Poland's banks are popular with investors.

Since independence, Poland's successive administrations have all subscribed to the same vision of the Polish banking sector: a relatively small number of big banks and insurance companies with a small core of central investors and a broad base of private shareholders with a strong Polish complexion.

Though not a true market-driven system, this vision has forged a strong banking sector with a 2:1 balance between domestic and foreign investors in terms of total shares held.

As of the end of 1997, Poland's banks had outstanding loans worth 79.2 billion zlotys (\$23 billion). That represented an increase in real terms of 31 percent. The prime recipients were the country's consumers; total consumer credit rose from \$1.8 billion in 1995 to \$17.2 billion in 1997.

Personal incomes rose 21 percent in 1997, continuing a five-year rise. Private households joined businesses in increasing their savings and other deposits in Poland's banks. Total deposits increased 27 percent for the year, allowing the banks to retain their 31 percent trading surplus (excess of deposits over loans).

### Flagship banks

The strength of Poland's banking sector is reflected by its flagship banks. Prominent among them is the Pekao S.A. Group. Formed in 1996 through a four-way merger orchestrated by then-Finance Minister Grzegorz Kolodko, Pekao is the largest banking group in the country when ranked by total deposits. In 1997, the group recorded a 15 percent rise in total assets and a 20 percent increase in capital. Bank Pekao, the group's largest financial institution, recorded a 25 percent rise in individual income for the year.

Also in 1997, the balance sheet totals of the country's 50 largest commercial banks grew by 20 percent in real terms. These achievements were all the more remarkable because they were recorded during the National Bank of Poland's "get tough year."

The central bank instituted tight money policies and a range of regulatory measures designed to put the banks on the same regulatory and competitive footing as their counterparts elsewhere. One measure was the establishment of binding minimum reserve rates.

Over the same period, domestically owned banks upgraded their services through large-scale purchases of computers, automatic tellers and other devices that are standard in Western banks.

The modernization of the banking sector has continued in 1998. On January 1, Poland's new banking law went into effect. The law provides for the establishment of a commission to supervise the banking sector's operations and gives it sweeping responsibilities and the authority to implement them.

Improved fundamentals and modernization have made the country's banks popular with institutional and private investors in both Poland and abroad.

The June 1997 privatization of Bank Handlowy was welcomed by the Warsaw Stock Exchange. This was followed in October by the privatization of PBK Bank (Powszechny Bank Kredytowy S.A.). Next up is the Pekao Group, which will sell 35 percent of its share capital to the stockholding public. Details of the transaction will be released in late May. ■

### "INVESTING IN POLAND"

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## PROSPERITY DRIVES CONSUMER MARKET

Personal incomes and consumer spending are up.

There's good news for economists eyeing the galloping expansion of Poland's consumer product markets: Polish consumers aren't living beyond their means.

Average monthly expenditures for Poland's 12.5 million households rose by 50 percent between 1995 and 1997, or 16 percentage points more than inflation. Average monthly household incomes did even better than that, increasing by 53 percent.

While spending on such necessities of life as housing and food is on the rise, expenditures on automobiles, computers and travel have been growing even faster.

In 1996, Poles purchased 374,000 cars — 41 percent more than in 1995. This figure rose a further 27 percent in 1997, reports the country's National Bank. The number of PCs purchased has been increasing nearly as fast. In 1997, Poles bought 550,000 computers. That was 50 percent more than in 1995, and double 1994's total.

### Spending on leisure

Travel is another growing consumer market. Spending for vacations increased 60 percent between 1995 and 1997. The prime beneficiaries of this increase have been the airlines, particularly LOT, the nation's flagship carrier.

The increase in outward-bound tourists has supplemented the carrier's traditional bread-and-butter service for incoming Western business travelers and vacationers. LOT's business travelers have been profiting from the carrier's launch of new links between Warsaw and Manchester, and Warsaw and London-Gatwick. These links were added in response to the 18 percent increase in the number of LOT passengers traveling between Poland and the United Kingdom in 1997. Business-class travel on the Warsaw-London route rose 60 percent during the year, reports LOT.

The airline recently received international recognition for its business service: It was named "Best Eastern European Airline of the Year" by the readers of Business Travel World. ■

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INTERNATIONAL

# Rebels Give Colombia a New Black Eye



Relatives of prisoners who escaped from a Colombian prison crying as they await news at the jail's entrance.

By Serge F. Kovaleski  
Washington Post Service

**BOGOTA** — In a torrent of heavy gunfire and dynamite blasts, leftist guerrillas stormed one of Colombia's major prisons over the weekend, allowing 324 inmates to flee in what was described as the largest escape of its kind in the history of Colombia.

Most of the escapees scrambled out through the main gate of San Isidro Prison, 370 kilometers (230 miles) southwest of Bogotá in the city of Popayan, during a three-hour firefight that began late Saturday night.

About 90 members of the country's largest guerrilla group — the Revolutionary Armed Forces of Colombia — battled security personnel at the facility.

Two prisoners and one guard were killed, and nearly a third of the inmate population escaped.

On Monday, the authorities said 46 inmates had been recaptured.

The assault, which investigators say may have been planned by one of the inmates, a rebel leader known as El Rojo, was one of a number of defeats that Colombia's security forces, including the army and prison details, have suffered at the hands of leftist insurgents in recent months.

The Revolutionary Armed Forces of Colombia and the nation's second-largest rebel organization, the National Liberation Army, together constitute the most powerful guerrilla movement in Latin America, one that controls almost half the countryside while gradually making inroads in urban areas.

The director of Colombia's prisons has warned that those who escaped, many of them rebels convicted of homicide, kidnapping or extortion, are "dangerous criminals, and they constitute a threat to national security."

Like most correctional facilities in Colombia, San Isidro Prison is severely overcrowded, plagued by unhealthy sanitary conditions and frequent deadly riots.

Last year, inmates wielding stones and bricks confronted prison guards in a melee in which six prisoners

were killed and 18 injured.

The weekend breakout, which happened even though security forces had received intelligence reports that guerrillas might strike, is one of a string of recent wholesale escapes from Colombian prisons — many of which were organized by the Marxist rebels.

On April 4, 20 members of the rebel group dynamited the Santander de Quilichao prison to free a rebel leader serving a 60-month sentence. In the midst of the attack, an additional 53 inmates also escaped.

On Feb. 23, 18 prisoners, most of whom were guerrillas convicted of murder, tunneled their way out of Penas Blancas de Calarca prison.

The responsibility for maintaining security at Colombia's prisons falls primarily on a force of corrections department guards who are assisted by the army and the national police agency. The attack on San Isidro Prison — where 166 guards split two shifts of 12 hours each — began just after 11 P.M. Saturday, about a half-hour after army troops had made their rounds outside the facility.

The authorities said the insurgents set off three charges of dynamite, one of which blew down part of a wall near the main gate while another destroyed a portal opening on to the prison's four cell blocks. A running gun battle ensued both inside and outside the prison walls, as inmates crawled and ran down a long cell block hallway in an effort to escape. Investigators said it appeared the guerrillas were trying primarily to free El Rojo and 30 other rebels who are members of the same Revolutionary Armed Forces of Colombia units as the attackers.

"We have constantly requested that the government reinforce security measures at the prison because it chose this as the final place for dangerous prisoners," Cesar Negret Mosquera, governor of the region in which San Isidro is located, was quoted as saying in Monday's editions of the newspaper El Tiempo.

BRIEFLY

## U.K. Nurse Pays 'Blood Money'

**DUBAI**, United Arab Emirates — A British nurse released \$1.2 million in "blood money" Tuesday for an Australian man whose sister she was convicted of murdering, her lawyer said.

Deborah Parry's decision cleared the final hurdle for Frank Gilford to collect the money after a one-year war of words. The money has been put in a trust fund for Mr. Gilford in an Australian bank.

Mr. Gilford had spared Miss Parry's life by waiving his right to demand the death penalty imposed on her last year by a Saudi court, which had found her guilty of stabbing to death Mr. Gilford's sister, Yvonne, in December 1996. In accordance with Saudi Arabia's Islamic laws, Miss Parry agreed to give Mr. Gilford "blood money," which was fixed at an equivalent of \$1.2 million. (AP)

## Arafat Calls for Arab Summit

**CAIRO** — The Palestinian leader, Yasser Arafat, called Tuesday for an Arab summit meeting on stalled Middle East peace efforts and said his people would keep striving to set up their own state.

"From the house of the Arabs, I direct a call to convene an urgent Arab summit," Mr. Arafat said at the Cairo-based Arab League. Mr. Arafat said he welcomed recent efforts to break the deadlock that has paralyzed peace talks for 15 months. (Reuters)

## For the Record

Mexico City has imposed emergency smog measures, and haze from forest fires forced the suspension of flights in southern Mexico. The ozone level hit 251 on Mexico City's smog scale Monday. Levels over 100 are considered unsatisfactory, and those over 200 can cause health problems. (AP)

Guatemalan raspberry farmers have adopted health standards allowing them to renew exports to the United States, where the fruit was linked to diarrhea outbreaks in 1996 and 1997, officials said Monday. (Reuters)

BOOKS

## THE CRUCIBLE OF CREATION

The Burgess Shale and the Rise of Animals

By Simon Conway Morris.  
Illustrated, 242 pages, \$30.  
Oxford University Press.

Reviewed by Mark Ridley

FIVE hundred thirty million years ago, a continent consisting of North America and Greenland — rotated about 90 degrees to the right from their modern orientation — straddled the Equator. Modern western Canada was the continent's north coast. Off that coast lay a cliff, known to geologists as the Cathedral Escarpment, that plunged 100 yards or so into the relative depths. The strange and now famous animals of the Burgess Shale lived at the foot of the cliff. The site of the Burgess Shale fossils is now on dry land in the Canadian Rocky Mountains, indicating that the sea level was higher, and the coast inland, from their positions now.

Simon Conway Morris likes to picture the Burgess animals in their natural setting, rather than as dusty rocks on the museum bench, and he does a good job of

bringing them to life in "The Crucible of Creation." His job is made possible, if not easy, by the extraordinary preservation of the fossils.

Fossils are usually left only if the animal has hard parts (bones or shell), but of the 70,000 Burgess specimens — about 95 percent are either soft-bodied or have thin skeletons, too delicate to survive the normal processes of fossilization. "This is a world that is normally lost. Maybe a local collapse in the Cathedral Escarpment, which rapidly buried the animals in a mud slide, is the reason we have even this glimpse.

Whatever the reason, even dinosaur lovers will indulge Conway Morris's remark that the Burgess Shale is "the most wonderful fossil deposit in the world." The fossils were discovered in 1909 but owe their scientific significance to a research program at Cambridge University in the 1970s and 80s. Stephen J. Gould popularized them in his superb book "Wonderful Life" in 1989.

Conway Morris was one of perhaps three main heroes of Gould's story: the imaginative young scientist responsible for the reconstruction of a most bizarre creature, called

Hallucigenia, almost the symbolic Newt of the Burgess Shale.

The centerpiece of "The Crucible of Creation," like that of "Wonderful Life," is a description, authoritative and readable, of the animals themselves. There have been some interesting reinterpretations since Gould wrote. One troubling animal, formerly thought to be an arthropod that swam with flapping wings, now moves by the more orthodox procedure of walking on legs. Hallucigenia itself has been turned upside down (or rather, right side up): The formerly upward-pointing possible multiple mouths have become legs, and the whole formerly unclassifiable puzzle has been found to fit, like Cinderella in her ballroom slipper, into an established arthropod category.

Conway Morris additionally gives an account of two new Burgess-like fossil locations. One is in Greenland. It was found in 1984, and Conway Morris is part of the team that has been collecting there since 1989. The chapter about the collection uses a travel writer's pen and is the easiest to read in the book. Conditions can be great, and then "at the fossil site the view is superb: the eye travels along J.P. Koch Fjord to its entrance with the Arctic Ocean, clearly visible" about 60 miles away. Or they can be ghastly, with "low cloud and fog banks" that stop collecting and confine you, shivering, in the tent.

The Greenland fossils are similar enough to those of the Burgess Shale to suggest that the Burgess animals were living below the shoreline all around the continent, and another site in China similarly suggests that they had a global distribution.

Conway Morris goes on to reflect about the implications of the Burgess Shale for our understanding of evolution and of ourselves. He disagrees with Gould about almost everything — or he seems to. These are the least successful parts of the book: they are not explicit enough. Conway Morris tends to allude to major disagreements and then either to drop the topic or disappear into technicalities.

In Gould's view, modern life is descended from only a minority of the Burgess forms, and a great lottery determined which Burgess forms went extinct and which left descendants. Evolutionary survival was a matter of chance rather than merit. The existence of humans may then be a fluke, as a Burgess form that could give rise to us accidentally survived.

Conway Morris argues instead that the evolution of something like humans was fairly predictable, and our uniqueness places greater responsibilities on us — to assure the future of the planet. He shies away, however, from spelling out the argument.

Imagine that a small number of humans are to be picked to survive some planetary disaster that will wipe out the rest of the species. If they are picked by lottery, are they more likely to form a self-indulgent ideology than if they are picked for their special aptitude to take the species forward after the catastrophe? It sounds psychologically plausible that they might. But I do not see why, in morality, the lottery should influence how the survivors behave. We should make the world a better place whatever weird ancestors we had in the Burgess Shale.

New York Times Service

## BEST SELLERS

The New York Times This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		
FICTION		
1 YOU BELONG TO ME, by Mary Higgins Clark	1	4
2 "N" IS FOR NOOSE, by Sue Grafton	2	3
3 THE LONG ROAD HOME, by Laurence Sanders	3	6
4 BLACK AND BLUE, by Anna Quindlen	4	15
5 MESSAGE IN A BOTTLE, by Nicholas Sparks	5	15
6 A WIDOW FOR ONE YEAR, by John Irving	6	14
7 THE STREET LAWYER, by John Grisham	7	4
8 A PATCHWORK PLANET, by Anne Tyler	8	1
9 MEMOIRS OF A GERSHWIN, by Arthur Golden	9	27
10 COLD MOUNTAIN, by Charles Frutkin	10	46
11 PANDORA, by Anne Rice	11	9
12 THE TARTAN, by Catherine Coulter	12	1
13 THERE'S A HAIR IN MY SOUP, by Gay Lamon	13	2
14 DAMASCUS OATS, by Robert Stone	14	13
15 PARADISE, by Toni Morrison	15	18
NONFICTION		
1 WE ARE OUR MOTHERS' DAUGHTERS, by Cole Roberts	1	3
2 STILL ME, by Christopher Reeve	2	13
3 TUESDAYS WITH MORRIE, by Mitch Albom	3	31
4 ANGELA'S ASHES, by Frank McCourt	4	88
5 THE MILLIONAIRE NEXT DOOR, by Thomas J. Stanley and William D. Danko	5	70
6 TALKING TO HEAVEN, by James Van Praagh	6	20
7 TRIUMPH OF JUSTICE, by Daniel Petrocelli with Peter Knobler	7	6
8 THE GIFT OF THE JEWS, by Thomas Cahill	8	6
9 THE MAN WHO LISTENS TO HORSES, by Mary Roach	9	11
10 AMAZING GRACE, by Kathleen Norris	10	5
11 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Berendt	11	201
12 CONVERSATIONS WITH GOD: Book I, by Neale Donald Walsch	12	75
13 APHRODITE, by Isabel Allende	13	5
14 CONSILIENCE, by Edward O. Wilson	14	5
15 THE PERFECT STORM, by Sebastian Junger	15	50
ADVICE, HOW-TO AND MISCELLANEOUS		
1 SIMPLE ABUNDANCE, by Sarah Ban Breathnach	1	111
2 THE 9 STEPS TO FINANCIAL FREEDOM, by Sue Oms	2	8
3 SUGAR BUSTERS, by H. Leighton Steward et al.	3	4
4 IN THE MEANTIME, by Tynia Visconti	4	5

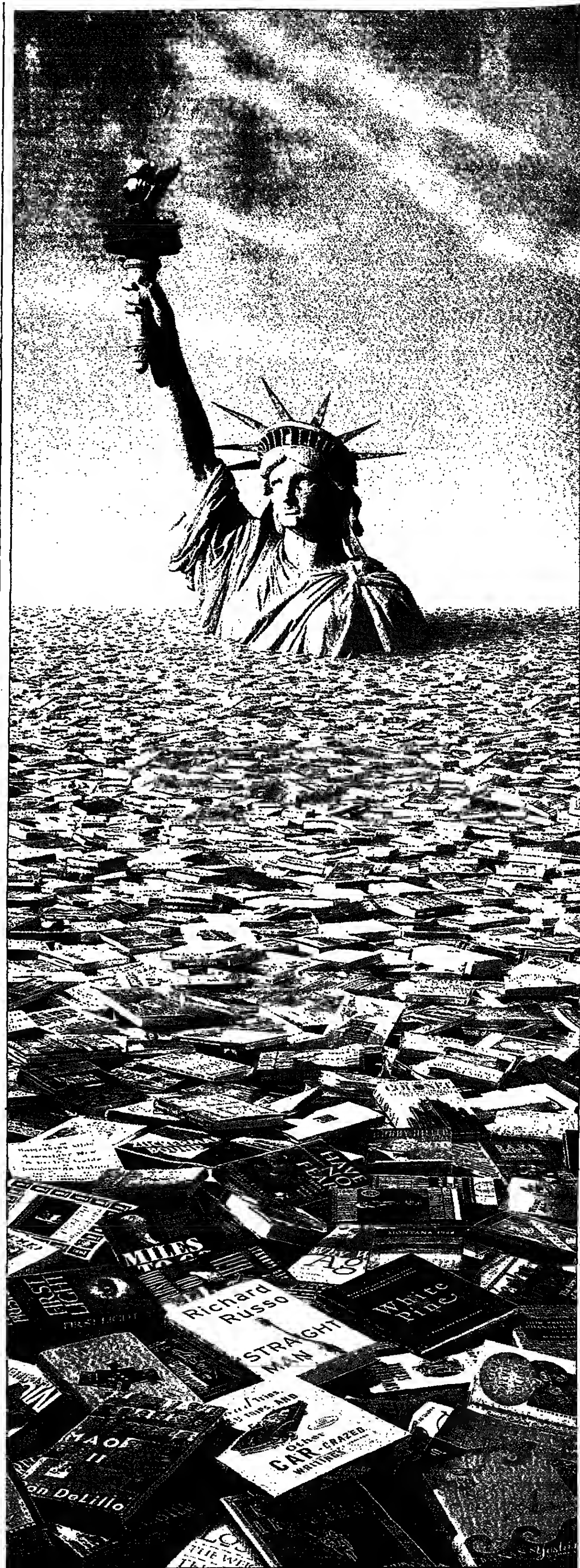
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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A Troubling Connection

The American government over the years has been involved in dubious relationships with foreign military institutions, but there has rarely been a more tangled or troubling connection than that between the Clinton administration and the People's Liberation Army of China.

It has produced campaign-funding abuses, serious American security lapses and now a political furor in Washington less than a month before President Bill Clinton is to make the first presidential visit to China since 1985.

Some American association with the Chinese army is essential to stabilizing relations with China. High-level meetings, officer exchange programs and other links can reduce tensions and mistrust.

But while China is not an enemy, it is not an ally either, and caution is required to ensure that sensitive American military technology is not transferred. In its eagerness to improve relations with Beijing and to expand American commerce in China, the White House has been careless about enforcing security protections.

The People's Liberation Army is a powerful force in Chinese life, with overlapping roles in military, political and business affairs.

The army is the world's largest military force, with nuclear weapons and intercontinental ballistic missiles, some capable of reaching the United States.

At least one senior general usually sits on the Communist Party's innermost leadership council. Military-associated companies in areas from rocketry to consumer goods generate large profits that have helped finance China's recent military buildup.

The army has played a central role in many of the most contentious issues that have divided China and the United States. Army troops killed Tiananmen Square democracy demonstrators in 1989, army-controlled companies sold nuclear and missile components to Pakistan and other countries and army

missiles menaced Taiwan during presidential elections there two years ago. Washington must draw a firm line at transfers of technology like rocket guidance and encryption systems. It must be particularly vigilant in enforcing rules for American aerospace companies.

By contracting with Chinese rocket companies to launch commercial satellites, American businesses have an incentive to help make Chinese rockets more reliable. Yet China's aerospace companies are controlled by the army. The Pentagon concluded that sensitive guidance technology was improperly shared with the Chinese during a review of a failed 1996 rocket launch by two American companies, Loral Corp. and Hughes Electronics.

President Clinton clearly erred in 1996 when he overrode objections by the State Department and made it easier for American corporations to cooperate with Chinese aerospace companies. Though the White House denies any connection, the policy shift came during a period when the Democratic Party received substantial contributions from American aerospace executives, including the head of Loral.

The Chinese army itself may have been meddling in American politics. Johnny Chung, the Democratic Party donor, has told the Justice Department that much of the \$100,000 he gave the party in the summer of 1996 came from a Chinese colonel and space executive, Liu Chaoying. Her father was then the commander of Chinese military forces.

The House last week voted overwhelmingly to bar American companies from launching satellites on Chinese rockets. A flat ban is better than loosely enforced rules, but a better approach would be a return to rigorous regulation, with the State Department and the Pentagon, rather than the Commerce Department, deciding whether satellite export licenses should be granted.

If the White House wants public support for improved ties with China, it must rethink its dealings with the Chinese army.

—THE NEW YORK TIMES.

## Disputes Among Allies

The Clinton administration is attempting what it regards as a creative escape from trade disputes with its closest allies. The disputes arose from American legislation imposing sanctions on Europe for its refusal to be bound by the unilateral American boycotts on Iran and Libya and, separately, on Cuba.

Understandably, allies and other trading partners objected to being penalized for purposes about which they had not been consulted, that they did not support and that they considered counter to World Trade Organization rules. The matter came to a head when the United States sanctioned companies from France, Russia and Malaysia for a big joint and, by those nations' laws, legal investment in a natural gas project in Iran.

The solution the United States now puts forward rests on an unassailable premise. It is that America's purpose is not to alienate trading partners but to gain their support for legitimate American foreign policy objectives — to induce Iran and Libya to halt the support of terrorism and the building of terror weapons and to induce Cuba to respect the rights of Americans

whose properties have been expropriated illegally.

The American solution is to draw the European Union and Russia into tighter commitments to combat the condemned conduct, by whoever conducted. This would moot most requirements for unilateral American sanctions.

The U.S. secretary of state had concluded that sanctions would not have halted the Iran project anyway. Better, she concluded, to waive sanctions and enlist the French, Russian and Malaysian governments in more effective common cause.

The friendly countries and companies that stand to be relieved of unilateral sanctions are pleased. These "new disciplines," however, are really no better than the vigor with which their makers enforce them. It is all very well to figure out a formula that will reduce commercial/political disputes among friends. But that means heightened and continuing pressure to police the agreements. The old terms were pushing the United States toward the wrong kind of confrontation. The new terms lay out a demanding agenda of enforcement.

—THE WASHINGTON POST.

## Sliding Oil Prices

The United States is getting a bonanza from sliding oil prices, which have boosted economic growth and helped to mask the deteriorating trade deficit with the rest of the world. But if oil prices rebound later this year, as the oil industry generally expects, that economic benefit could vanish.

The trade figures are bad even with the benefit of lower oil prices. The Commerce Department last week reported March figures, showing the largest monthly trade deficit in goods and services in at least a decade, of \$13 billion. But it could have been worse, as a 5.2 percent increase in the cost of nonpetroleum goods was offset by a 6 percent fall in the cost of imported oil.

In American markets, the price of crude oil fell below \$19 a barrel last week, a decline of more than \$8 since last fall. Taking inflation into account, the real price is the lowest in more than two decades.

The falling price reflects the economic woes racking Asia, which had been a rapidly growing user of energy, and a relatively warm winter in many areas. But the price also reflects heavy production from oil producers. Frederick Leffler, an analyst at Bear Stearns, suggests that Saudi Arabia has engineered a glut to raise its market share, discourage exploration and delay alternative energy sources.

The full benefit of the fall in oil prices has not been passed on to consumers. Instead, oil refiners have been able to raise their profit margins. But the decline has nonetheless served as a stimulus to the American economy.

The Organization of Petroleum Exporting Countries is expected to try to stem the price slide when it meets on June 24. If it succeeds, that could put a damper on American economic growth.

—THE NEW YORK TIMES.

## When Reckless Domestic Politics Steer Foreign Policy

By Thomas L. Friedman

WASHINGTON — So my friend Michael Mandelbaum, the foreign policy expert from Johns Hopkins University, calls me the other morning with a trick question: "What's the difference," he asks me, "between NATO expansion and the Indian nuclear tests?"

Think about it. When the Indians look at NATO expansion, argued Mr. Mandelbaum, they see the United States extending nuclear protection to Poland, Hungary and the Czech Republic — against Russia.

The United States has told these three countries — none of which share a common border with Russia or have any border disputes with Moscow — that at a time when the Russian Communist regime that once occupied Central Europe has been overthrown and replaced with Russian democrats, and this new Russian government has withdrawn from Central Europe and signed sweeping nuclear arms reduction treaties, Poland, Hungary and the Czech Republic nevertheless need and are entitled to nuclear protection from Moscow.

At the same time, adds Mr. Mandelbaum, the United States is telling India that it is not really entitled to nuclear protection from China — a

China with which India shares a long, disputed border that has been the subject of a bloody war, a China where Communists still rule and where democrats have not yet suppressed and a China that has not refused to enter into any nuclear arms reduction treaties but is expanding its nuclear arsenal.

What's more, the United States has told the Indians that their nuclear tests were just a dangerous symbolic political gesture by the ruling Hindu nationalists to thrill their followers.

Let's see now... a political gesture for domestic politics but with long-term, negative strategic consequences not readily apparent today. Hmm. This Indian nuclear test is exactly like NATO expansion.

What is the lesson here? It is that NATO expansion, India's nuclear tests and, I would add, Israel's refusal to accept U.S. proposals to break the Palestinian-Israeli stalemate because not every right-winger in the cabinet agrees, are all manifestations of the same phenomenon — the collapse of the Cold War international system and the creation of the illusion that the

world is now safe for countries to drive their foreign policies solely by their domestic needs of the moment.

The Cold War was a bad thing, notes Mr. Mandelbaum, but it was nevertheless "an international system that did provide a certain discipline and impose a certain prudence," by threatening very serious costs to anyone who would go too far in indulging his domestic whims on the world stage. The Soviet Union was there to block any NATO expansion with its own nukes. It was there to arm Israel's Arab foes at a moment's notice. And the United States was there to defend Pakistan at the drop of a hat. Reckless policies could and did have immediate, life-and-death consequences.

But the collapse of the Cold War system has changed that. It has created more space for assertive, domestically driven foreign policy initiatives that assume few, if any, external costs. That's because the international system that replaced the Cold War — globalization of markets and technologies — provides a different set of disciplines.

In the Cold War system you could be punished immediately and brutally by either superpower for strategic misbehavior, but economic misbehavior tended to be tolerated or ignored. In

today's globalization system you are punished immediately and brutally by the superpowers for economic misbehavior (see Indonesia), but more political-strategic misbehavior is tolerated — up to a point.

This is because the immediate disciplining mechanism of two competing superpowers is gone, and therefore punishment now often has to wait action by the United Nations, NATO, some ad hoc coalition of global investors.

The Cold War system was good at restraining missile madness, by threatening those who misbehaved with the death penalty. The globalization system is better at restraining economic madness by threatening those who misbehave with loss of investment and bankruptcy.

Which is why NATO expansion, Indian nuclear tests and Israeli obstinacy are all playing with fire. They are all acts of domestically driven foreign policy in a world system that now allows countries to be reckless — but not ridiculous. Actions still have consequences. The possibility of miscalculation and unintended escalation is still alive and well, and they can burst the restraints of any international system.

The New York Times.

## Suharto's Record: Flawed but Nonetheless Admirable

By Robert Elegant

ROME — The resignation of President Suharto under intense pressure from popular demonstrations and finally from the military, which holds the keys of power, is a great step forward for Indonesia. Although it was against his will, Mr. Suharto's peaceful departure from power nonetheless crowned decades of great accomplishment.

Although gravely marred by the last 15 years or so of rampant corruption, forcible suppression of opposition and brutal, imperialistic expansion in East Timor, the overall record of Mr. Suharto's administration is, nonetheless, admirable.

He and his American-educated technocrats transformed a nation that was literally bankrupt, with people on the verge of mass starvation. When Mr. Suharto stepped down, the people of Indonesia's 13,000-odd islands were generally well off and better educated; they spoke the national language, as well as their own, widely divergent tongues; they no longer groined under the oppression of the Javanese, the domineering natives of the largest island, and they truly felt themselves citizens of a nation whose motto is "unity out of diversity."

For the first time the voice of the people has been decisive. No transfer of power in the former East Indies' thousands of years of history as an empire or as a congeries of principalities had ever before been determined by the public's wishes. Certainly no transfer of power in Indonesia's 50 years as a nominal republic had occurred peacefully.

Wits used to say that Indonesia was the most stable nation in Asia, perhaps the entire world — after all, it had had only two presidents in half a century, Sukarno and Suharto.

That joke was inspired by the constant upheavals, the unceasing strife and the suffering that tormented Indonesia under the grandiose Sukarno. To truly appreciate Mr. Suharto it is

necessary to have seen the catastrophic effects of Mr. Sukarno's government and the extraordinary circumstances under which Mr. Suharto came to power in 1966.

Mr. Sukarno was the most glamorous, if not necessarily the most effective, leader of the revolution that overthrew Dutch rule. He was also the most flamboyant, parading his sexual exploits. The Indonesian people were at first delighted by the great man as irresistible demagogue and, alternately, as lovable scamp. They greatly enjoyed his antics, although the two or three complaisant young women provided by local governments every night of his state visits usually left the next morning unsullied.

By the mid-1960s Mr.

Sukarno's disregard for almost everything except his own glory had produced acute material distress in Indonesia, which had endured several abortive revolts against him, one sponsored by the CIA. He was not only a stalking horse for the Communists, but a wastrel who scattered the national wealth like confetti.

In late 1965, Sukarno joined the Communist Party and the air force in what looked like a coup against himself. He was actually seeking to regain the power the anti-Communist army had taken away from him.

The coup ended with an assassination plot against the ranking army generals. Aside from the chief of staff, who did not want supreme power, Mr. Suharto was the only important general to survive. He had

clambered over his garden wall, just escaping the assassins. The most junior general the night of the murders, he assumed power as the most senior still living.

Although Mr. Suharto was party to the army's vengeful and merciless extermination of several hundred thousand presumed leftists, his normal style was wholly different from Mr. Sukarno's. His unpretentious jeep even stopped at red lights. Mr. Suharto built a tall white pillar topped by a golden flame, formally the National Monument but universally known as Sukarno's last erection. Mr. Suharto's monuments are broad boulevards lined by office buildings and hotels.

Assisted by overseas Chinese strategists and financiers, Mr. Suharto's technocrats, the Berkeley mafia, built a largely laissez-faire economy that

spread benefits throughout the islands. Jakarta, the capital, benefited most.

When I first saw the city in the mid-1950s there were no hotels, no taxis, no dialing telephones, no supermarkets and few automobiles, restaurants or stores. All those appurtenances of modernity, as well as air conditioning, now exist in abundance.

Alienated by power and cynics from reality and responsibility, Mr. Suharto subsequently fostered corruption and looting of wealth all but unparalleled in Asia or elsewhere. Nonetheless, he has left Indonesia with the physical and the psychological basis for much greater modern growth.

The writer, author of a number of books on Asia, contributed this comment to the International Herald Tribune.

## A Plan to Get Indonesia Back on Its Feet

By Jusuf Wanandi

JAKARTA — Indonesia is fortunate to have ended the 32-year rule of President Suharto without much bloodshed. The succession could have degenerated into civil war or anarchy. Although the process of political change is far from over, the worst seems past. This is due to the restraint shown by the conflicting forces, especially Mr. Suharto himself, the armed forces command, opposition leaders and the students.

But Indonesia must now deal realistically with its unfinished political agenda. Instead of having a new president and vice president elected by a special session of the country's highest constitutional authority, the People's Consultative Assembly, Mr. Suharto elevated his vice president, B.J. Habibie, to replace him.

This transfer of power will not bring about the necessary reforms demanded by the public. Mr. Habibie was hand-picked by Mr. Suharto and has

no power base of his own. He is a controversial figure without experience as a political leader. He is opposed by many groups with influence in Indonesia. Military leaders are not happy with his presidency; they accepted him only because it was Mr. Suharto's wish.

As a result, Mr. Habibie does not have the support needed to rally the Indonesian elite and to get people to take the bitter medicine of economic reform. Although there are some good economic managers in his cabinet, most of its members were well-known figures in the Suharto regime. The government thus lacks credibility.

Moreover, Mr. Habibie himself is not trusted by the financial markets because of his excessive spending on inefficient prestige projects while he was a cabinet minister under Mr. Suharto, and because of his unconventional ideas about economic policy.

In his first statement when he announced his cabinet, Mr. Habibie did not mention the important role in Indonesia of multinational companies or big domestic firms. This raised a lot of questions about where they fit into Mr. Habibie's policies, causing doubts that he can develop the strategies for overcoming Indonesia's deepening economic crisis.

Given the situation's gravity and Mr. Habibie's lack of public support, the nation has two options: to hold a special session of the People's Consultative Assembly or a general election for a new president and vice president as soon as possible.

If a general election is to be democratic, however, it will take at least a year to prepare. Laws that favored the ruling Golkar alliance and disadvantaged its challengers have to be rewritten. By the time this is done it will be too late to save the economy, which faces a dangerous meltdown in the next month or so.

That is why Indonesia should opt for the only other constitutional alternative: the House of Representatives, or Parliament, should call a special session of the assembly within a month. It would elect a new president and vice president for a fixed term of two years with a specific mandate to revive the economy and hold general elections in line with the reforms expected by the public.

Indonesia has a range of leaders who would make capable presidents or vice presidents to carry out this task.

In the meantime, the unity of

the armed forces is critical. In a country as large and diverse as Indonesia, the armed forces are the guarantors of political stability as well as of national security.

Under their commander, General Wiranto, there is now a stronger basis for military unity after a period of uncertainty before and during the succession struggle. But the military must respond wisely to the pressures for reform if it wants to preserve its influence in the future.

The Indonesian people must never again take it for granted that their leaders will naturally undertake reforms. Government must be made accountable and subjected to public scrutiny.

Only with new and credible leaders will Indonesians accept the harsh medicine of austerity and structural change needed to overcome the economic crisis. And only with such leaders will investors and creditors provide the money that is critically important for the country's revival.

The writer is chairman of the supervisory board of the Center for Strategic and International Studies in Jakarta. He contributed this comment to the International Herald Tribune.

## Correction

Due to an editing error in an article on the Hong Kong elections (*Opinion*, May 26), the Democratic Alliance for the Betterment of Hong Kong was incorrectly identified as the pro-democracy camp. It is the pro-Beijing group.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Canard Leaked

BERLIN — The "Berliner Tageblatt" publishes the following alleged semi-official communication: "The German Government is preparing to enter an energetic protest against any cession of the Philippines to France. The Government is of the opinion that it would be preferable to share the Philippines between the Powers interested."

It should be known that this communication is a "canard" intended to bring out the truth about the Franco-Spanish negotiations, which greatly occupy public opinion.

## 1923: Red Campaign

GELSENKIRCHEN, Germany — The Communists are trying to starve the workers of the Ruhr into precipitating a social revolution, which, its instigators hope, will spread throughout

Germany. By measures ostensibly designed to force the reduction of food prices, but really calculated to bring all trade in foodstuffs to a halt, Lenin's disciples aim to transform a strike motivated by purely economic considerations into a campaign for out-and-out Bolshevism.

## 1948: 'World Citizen'

PARIS — The American Embassy in Paris confirmed that Garry Davis, New York actor and son of orchestra leader Meyer Davis, has renounced American citizenship to become a "citizen of the world." Davis was reported to be a disciple of a United World movement, of which the American poetess and art patron Mrs. Crosby is a moving spirit. Members of this group are given a special "United World passport" by Mrs. Crosby. Davis surrendered his passport, and thus all rights as a United States citizen.

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School Shooting  
The Real Story

The pro-Beijing group

The writer, author of a number of books on Asia, contributed this comment to the International Herald Tribune.

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## OPINION/LETTERS

## School Shootings Mask The Real Story of Crime

By James K. Glassman

WASHINGTON — Last Thursday, a skinny 15-year-old whose self-described bobbies included "sugared cereal" and "throwing rocks at cars," fired 51 shots into a crowded high school cafeteria in Oregon. Two students died and 22 were wounded. The suspect, Kipland Kinkel, also was accused of killing his parents.

Television broadcasts and newspapers were full of the story. President Bill Clinton used his Saturday radio address to decry the "changing culture that desensitizes our children to violence." He asserted that these schoolhouse shootings "are more than isolated incidents."

So they seem. Since October, 14 teachers and students have been murdered. Let us stipulate that these killings are sickening and that it would be an enormous benefit to humanity to prevent the

shootings. Last Thursday, 14 percent from 1994 to 1995 and 14 percent from 1995 to 1996. Mr. Clinton is going to have to think of a phenomenon other than video gore on which to blame the shootings.

Here is one idea: the inordinate play these stories get in the press. Children like Kipland Kinkel are bombs waiting for detonation, and the media, by blaring their exploits on the front pages and the nightly news, may be helping to light the fuse. I am not in favor of suppression, but I am opposed to obsession, which is what we have now.

At a Harvard symposium recently, one panelist pointed out that local TV news shows import violent footage now that local criminals are not turning out enough products. (There were only 43 murders in Boston last year, the fewest since 1961.)

In an era of peace and prosperity, the press finds little to excite the imagination, and prey on the fears of its audience. In such an atmosphere one choice would be to examine larger, long-range problems, such as how to fix Social Security. Another is to show individual incidents in small towns in Oregon into national crises.

This is an especially irresponsible approach because most people practice a kind of social synecdoche — they believe that the part equals the whole, that a single shooting (or even four in a year) can mean that child murderers are rampant and that some new solution is required. The press consistently fails to put events into context, even when statistics show what is happening in the aggregate.

So what is the meaning of the schoolhouse murders? Frankly, not much. The meaning of the hysteria over them ... now, that is worth looking into.

Washington Post Writers Group

## In India, Things Go Better With Self-Reliance

By Sunanda K. Datta-Ray

SINGAPORE — India must be the only country in the world where Coke yields in the public popularity stakes to a local cola.

The preference says much for the social and cultural orientation of the world's second-most populous country. It could also have profound meaning for the sweep-

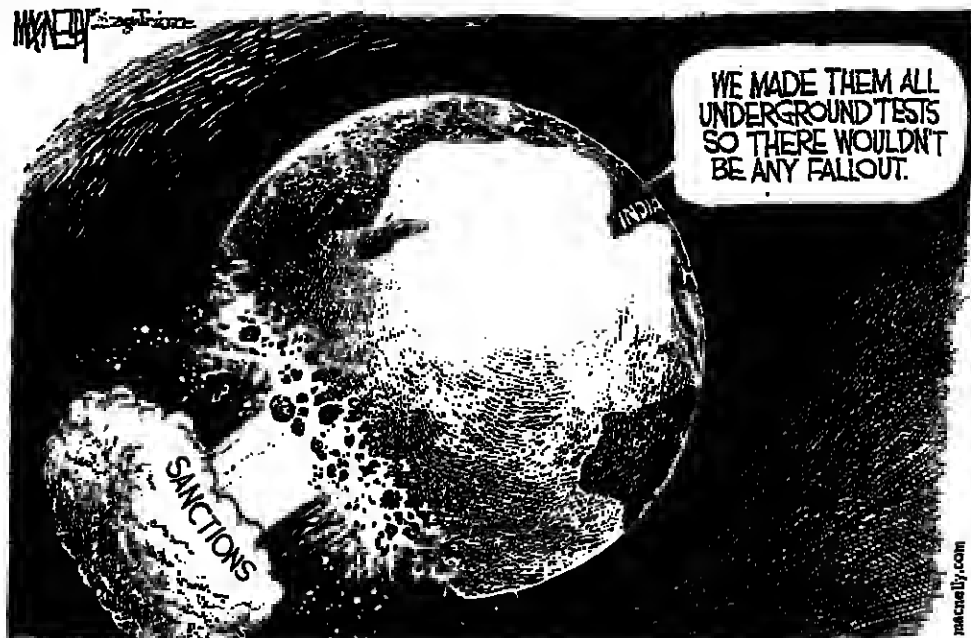
gotten used to doing without Tabasco! It was not with any sense of deprivation, either, that we drank whisky, gin and rum that the government called rather quaintly IMFL — Indian-made foreign liquor.

Under Jawaharlal Nehru, India's first prime minister, there was no greater evil than conspicuous consumption.

Of course, there were exceptions. People with undisclosed income splurged on caviar and champagne. Shops with hidden stocks of smuggled goods catered furiously to a tiny urban elite. Agents, like the youth we called "the chocolate man," went from office to office with battered Gladstone bags filled with contraband chocolates, cheese and cosmetics. But the vast majority of Indians was quite happy with whatever was made at home.

Taste began to change when Rajiv Gandhi, Nehru's grandson, came on the political scene and later became prime minister. His fondness for things Western started with his Italian wife.

The predilection had both positive and negative aspects. Mr. Gandhi introduced computers to India. During the Asian Games in New Delhi — which he and his friends managed, though his mother, Indira, was still prime minister — a temporary relaxation of import rules resulted in a flood



of color television sets brought in as "spares."

The Rajiv Gandhi years exorcised the disapproving morality that had kept conspicuous consumption in check. It became respectable to flaunt wealth, which meant displaying a taste for Western luxuries.

The trend became more marked under the economic liberalization that Prime Minister P. V. Narasimha Rao, himself a man of spartan simplicity, set off in 1991. I could not help wondering whether Mr. Vajpayee and his colleagues, then in the opposition, did not have a point in

demanding that foreign investment should be confined to computer chips, leaving potato chips to domestic makers.

The prospect of a locally made Mercedes-Benz sedan that costs 142 times the average per capita income of \$350 a year heightens the iniquitous contrast between rich and poor. Economists will say this is only a short-term effect, but with 30 percent of India's 960 million people below the poverty line, even the short term can be a very long time.

Of course, foreign sanctions will cause hardship and set

back the thrust for modernization. But they might turn out to be a blessing in disguise if, by forcing Indians to rethink priorities and fine-tune growth strategies, they lead to the rehabilitation of those two Nehruvian ideals — self-reliance and austerity — that have disappeared from the national vocabulary.

The writer, a former editor of *The Statesman* in India, is an editorial consultant with *The Straits Times* in Singapore. He contributed this column to the *International Herald Tribune*.

## Making Common Cause: Seeing the Forest for the Trees

By James D. Wolfensohn and Kathryn S. Fuller

WASHINGTON — Some may think it unusual that the heads of a global development bank and an international conservation organization should make common cause to protect the world's forests. The interests of finance and ecology are more often seen as being in conflict. But the need to break free of such stereotypes is urgent. The world's forests are dying, and it is only by acting together that we can help save them.

Nearly two-thirds of the earth's original forest cover is gone, and what remains is disappearing at the rate of more than one acre per second. In the past three months alone, the Brazilian Amazon has lost forests covering an area the size of Belgium to fires set deliberately to clear land. Nearly all of Southeast Asia, meanwhile, remains cloaked in acid smoke from forest fires.

The ecological cost of this destruction is devastating. Scientists estimate that about 100 species are driven into extinction every day, primarily through loss of their forest habitats. Many of these plant and animal species are critical not only to the earth's biodiversity but to specialized fields such as medicine. A frog living in Peru produces a painkiller more powerful, but less addictive, than morphine; a flower growing in Madagascar is used in the treatment of leukemia. But forests are more than nature's pharmacies: they absorb carbon gases that create global warming.

Like the ecological costs, the economic costs of deforestation are astronomically high, running into the billions of dollars annually. In the end, the bur-

den of these costs falls most heavily on the poor of the developing world. Too often, conservation is depicted as a concern of the rich. This view is tragically shortsighted.

Economies cannot remain healthy unless the resources on which they depend are sustainably managed. True, rich countries can afford to spend more on conservation than poor ones. But economies that degrade their environments for short-term gain are rarely stable and never sustainable.

Nowhere is this more obvious than in our mismanagement of the world's forests. At the Earth Summit in Rio de Janeiro six years ago, the international community acknowledged the danger and committed itself to a more sustainable future. But that promise has not been kept. Forests are often called the lungs of the world for their role in helping to regulate the exchange of oxygen and carbon dioxide. Yet everywhere we look, from the rain forests of the Amazon to the boreal forests of North America, the lungs are gasping.

As leaders of organizations concerned about both the ecological and economic viability of forests, we believe we must do more to save them. Therefore, the World Bank and WWF have formed an alliance for the conservation and sustainable use of forests.

This alliance has two objectives. Currently, only 6 percent of the world's forests are protected. We propose to increase that figure to at least 10 percent

of each of the world's major forest types by the year 2000. Second, we will work with countries, assisting them with our resources and our expertise, to put 500 million acres of forest under independent certification by 2005.

Twenty-one countries in addition to Brazil have pledged to meet our 10 percent target, and we will work to get similar commitments from others, helping them with both the science and the resources required to select and protect their forests.

By itself, however, this will not be

enough. We also must reform forest-management policies and make conservation investments involving all levels of society. Governments must be encouraged not only to create more ecologically representative protected areas but also to surround them with sustainably managed buffer zones. Verifying sustainable management through independent, third-party certification can be an invaluable means toward this end.

Offering consumers the choice of buying "good wood" — products certified as having come from responsibly managed forests — can harness market demand to the drive for sustainable forestry.

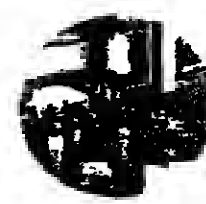
Last, but not least, to conserve forests we must take into account the needs of the people who live in them.

Creative mechanisms such as transition funding must be developed to help local communities invest in sustainability. In all of our endeavors we must be particularly sensitive to the needs and rights of indigenous peoples.

James D. Wolfensohn is president of the World Bank. Kathryn S. Fuller is president of the World Wildlife Fund, U.S. They contributed this column to *The Washington Post*.

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## LETTERS TO THE EDITOR

### The State of Israel

Regarding "Lamenting a Lost Zion at 50" (Meanwhile, May 19) by Helen Motro:

The author says the Jewish state "chose to define itself as a parochial nation-state and bred a half-century of violence." On the contrary, Israel defined itself as a state that "will ensure complete equality of social and political rights to all its inhabitants irrespective of religion, race or sex" — principles still upheld by 90 percent of Israelis. The pejorative characterization of "parochial" applies to the religious extremists, no more

than 10 percent of Israelis. It is true that Israel has suffered 50 years of intermittent violence. This calamity has not been "bred" by Israel but resulted from the rejection by the entire Arab world of the United Nations partition resolution of Nov. 29, 1947.

True, 50 years of wars and violence have brutalized both Arabs and Israelis. No doubt many Arabs, when detained on suspicion of acts of terror, are being treated roughly. But only Egypt and Jordan have made peace with the Jewish state, which accounts for Israel's "siege mentality" and obsession with security.

A fair report on the treatment of Arabs in Israel should have mentioned the employment of Arabs in the civil service, their unhindered right of political organization, representation in Israel's legislature and the recent nomination of an Arab judge to Israel's Supreme Court. Nothing comparable is imaginable for non-Muslim minorities in the entire Arab world.

JOSHUA O. HABERMAN, Washington.

The writer is senior rabbi of the Washington Hebrew Congregation.

Reactions to Israel's 50th anniversary seem to point to an epidemic case of loss of perspective, with few people capable of reasonably discussing the country's achievements.

This is a flawed society in which, undoubtedly, we have sinned: sins of omission and sins of commission, sins of hubris, sins of arrogance and convenience, sins of racism and of laziness, sins of iniquity. Nevertheless, these sins do not form the sum total of who we are.

The story of the state of Israel at 50 is, fundamentally, an unequalled story of success, not to mention a historical anomaly of great consequence.

The establishment of the state of Israel has fundamentally altered Jewish reality. French Jews, British Jews and even American Jews exercise the influence they have not only on behalf of Israel but also because of Israel. If nothing else, we have learned the value of self-reliance, a useful lesson to keep in mind as we contemplate the national aspirations of the Palestinians.

Our failures form part of the complete picture of the Zionist enterprise without affecting the magnitude of its success. Like any other nation, we will be able to safeguard our achievements only when we move beyond embarrassment and allow ourselves to assess those achievements accurately. Vision and historical perspective are required as much now for the maintenance of a healthy Israel as they were 50 years ago for the process of nation-building.

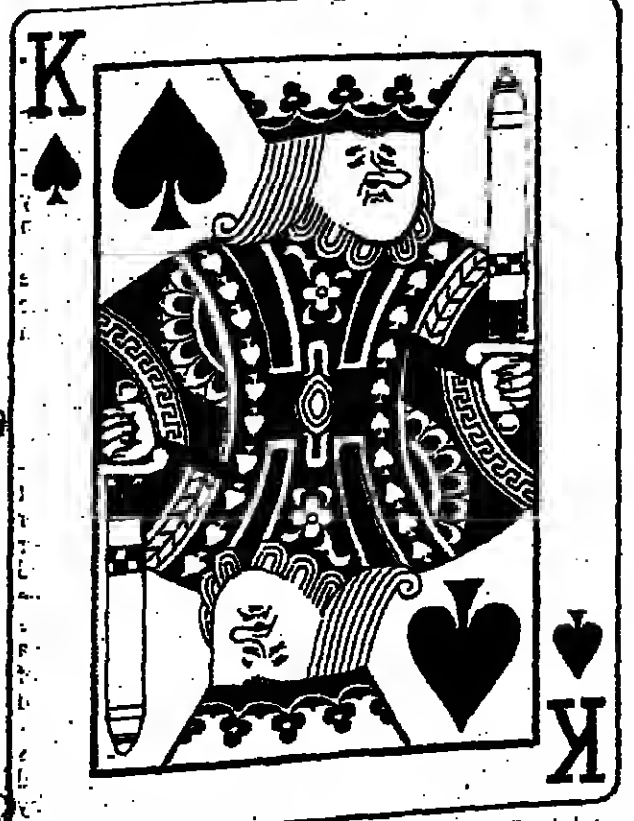
NOGA TARNAPOLSKY, Jerusalem.

In my immediate circle of friends, immigrants from Western countries, there are many with a palpable sense of disappointment about the way that Israel has developed. They find contemporary Israel too materialistic and militaristic, too obscurantist and Orthodox, too argumentative and arrogant. But they won't "go home" because, after 30, 40 or 50 years in this country, Israel is their home.

I have been here for 47 years. My friends who remained in the States have three or four cars to my one and houses that are twice the size of my dwelling. But they are, at best, no more than bit players in the saga of an enormous nation, while here in Israel we know that each and every one of us counts.

Like other Israeli parents, I always live in fear of what might happen to my children in the army. But my children have been infected with the bug that infected me; they feel that they must look after not only their own interests but also those of society as a whole.

NECHEMIA MEYERS, Rehovot, Israel.



The Republicans play the China card.





Didier Levallet, left: "In France there is a strong tradition that the state has a responsibility to support the arts."

## France's 'Jacobin' Jazz Orchestra

By Mike Zwerin  
International Herald Tribune

PARIS — In the May issue of Down Beat magazine, Wynton Marsalis "analyzes the positive aspects" of his "favorite trumpeters," all of whom turn out to live, metaphorically speaking, on the same block.

They all play with the same aesthetic and follow pretty much the same rules. All seven are American. Marsalis knows them all; he has played with most of them and they play more or less like he does. When you have his kind of power it's natural to build up people you are close to, but there are limits. How about a Parisian composer being asked to choose his favorite composers and somehow they all turn out to be Parisian? The town that is "so hip they named it twice: New York, New York" should be confident enough not to be provincial. True, some of these trumpeters may not live in New York, but most do and Marsalis certainly does. New York is where they make their mark. But this is not the way of a truly Big Apple.

The global village is already here. Nothing new about it. Creative music is made everywhere. Add it up, don't slice it off. And for people who take the category "world music" seriously, it's already here, too. It's called jazz and it borrows from everywhere.

Everywhere you go in the developed world you find jazz trumpet players with "positive aspects" worthy of praise. Enrico Rava and Paolo Fresu in Italy, Tomasz Stanko in Warsaw, Alexandre Sipiagin commuting between Moscow and Brooklyn, Franco Ambrosi in Lugano, Switzerland.

They are not superstars, but neither are all of those picked by Marsalis. Each of the above could hold his own with just about anybody; they influence others in their own territories and they are in demand there. Their only "problem" is that they have the bad luck of being born in and the poor judgment of living in the "wrong" place. That is the view from the Apple.

This brings us to a very odd place indeed. Born in Barbados, Harry Beckett, a Londoner, plays the trumpet with L'Or-

chestre National de Jazz in France. It is to the credit of the French that they have summoned him from across the Channel to play, as it were, under their colors.

The orchestra is sponsored by the state to demonstrate how good the French are at playing music made in America. "In France there is a very strong tradition that the state has a responsibility to support the arts," said the bassist Didier Levallet, the orchestra's leader, finding himself on the defensive. "This is not true in Britain, not in Germany, certainly not in the U.S."

"What a French idea!" Americans will exclaim as Levallet, who has a "global vision of jazz," describes the principle behind the orchestra as "Jacobin." Only in France — a Jacobin jazz band. The state pays each player a salary. They average something like \$2,500 a month, eight months a year. This includes health insurance, sick leave, retirement and so on. The other four months they are eligible to collect unemployment.

They can also take gigs of their own, although the orchestra has first call. The state subsidy covers 66 percent of the overhead. The rest comes from ticket and record sales and specific grants, both public and private.

The jazz orchestra is an official representative of French culture. "National" implies a qualitative guarantee. It is respected, according to Levallet, even by French classical musicians who you think might consider it competition. Jazz subsidies, however, are not nearly as serious as those for classical music.

Americans have always had trouble appreciating the quality of the music they invented and gave to the world," Levallet said. "So you can imagine how much trouble they have accepting a French version of it. The orchestra has never played in the states. It will never happen. I do not think the American public is very interested in French jazz." A hint of a smile accompanies the understatement.

The orchestra has exciting soloists, tight ensembles, and it swings. If the members Americanized their names, they could slip past the sentinels at the gates of hip and work for \$40 a night one night a week like any other big hand speaking the international language in New York. At the very least, the orchestra is proof that America no longer

has a monopoly on this music. Culture Minister Jack Lang announced the formation of the orchestra at what he termed his "first jazz press conference" in January 1986. Just what this country needs, people thought — more functionaries, another bureaucracy.

But Lang went on to say: "We have tried to build a system of constant change within a permanent structure. It's an adventure."

The orchestra changes both leaders and personnel every two or three years. So, in fact, they are not functionaries. On the contrary, Renewal is built-in. There is a new show every three years at most. The players and original music reflect the personality of each chief. Levallet has been leading the sixth version of the orchestra for almost a year.

There is no rule specifying the necessity, but all the leaders so far have been French. Sidemen, however, have included the Americans Aaron Scott (McCoy Tyner's drummer), Glenn Ferris on trombone and the saxophonist Bobby Rangell. Two Britons, Harry Beckett and Chris Bischoff (reeds), are in the current lineup, as is the Belgian trombonist Phil Abraham.

LEVALLET considers bureaucratic detail a reasonable price to pay for the luxury of having a world-class band at his disposal to rehearse and record his own music and his arrangements of other people's music, and to perform it around the world.

This year alone, the jazz orchestra will have performed in Ukraine, Finland, Lithuania, Britain, Spain, Turkey, Portugal and France. A musician in Kiev told Levallet, "We want to live the way this orchestra lives." Levallet calls combining cultural conditions "my thing." He added, "I like to stress the similarities rather than the differences between styles."

He was present at the meeting in 1985 where the decision was made to form the jazz orchestra. "The idea was sold to Jack Lang based on the illusion that jazz would pay off politically, that it would attract the votes of young people," Levallet said, laughing at the irony. "After that, I have the impression that Lang got more interested in rock."

## Solid 'Salamambo' at the Bastille

By David Stevens  
International Herald Tribune

PARIS — After almost a decade of playing catch-up with the standard repertoire, the Opera Bastille has finally been endowed with its first world premiere: Philippe Fenelon's "Salamambo," in a solid and well-received production.

The 45-year-old French composer has his dramatic foot in the 19th century and his musical one in the 20th in this adaptation of Flaubert's exotically colored novel of power politics and purple passion in the crumbling social structure of ancient Carthage.

There is a mixture here of old wine in new bottles and new wine in old, but Fenelon and his librettist, Jean-Yves Masson, have done a shrewd job of creating a work that is traditional in structure but, while speaking with a relatively modern orchestral voice, enriched by a large body of percussion and

an electronic tape used at dramatically specific moments. The novel is rich in description and atmosphere, but short on dialogue and characterization. Masson's libretto strengthens the characters' profiles, while the composer gives them eminently singable lines.

It is the third century B.C. and Carthage is in a state of crisis. The mercenaries hired by Hamilcar are grumpy about not being paid. Two of the leaders, Matho and Nar'Havas, become rivals for power and for the love of Salamambo, Hamilcar's daughter and leader of a peaceful cult. Matho wins her favors, but it ends badly for them anyway.

Francesca Zambello, aided by Robert Israel's monumental, two-level setting and Marie-Jeanne Lecca's colorful costumes, does a good job of clarifying the sometimes confusing action and the many social, ethnic and political groups involved.

The American mezzo soprano Emily Golden was outstanding in the title role,

strong dramatically and vocally and investing her part with more nuance than it really has. Gidon Saks was a powerful Hamilcar, Patrick Raftery (Matho) and Stephen O'Mara (Nar'Havas) were the two tenor rivals, and LeRoy Villanueva was the over-ambitious slave Spendias.

THE highly adventurous Kronos Quartet, now on a tour to celebrate 25 years of expanding the string-quartet literature, gave three concerts at the Theatre de la Ville. One was made up largely of arrangements ranging from Guillaume de Machaut and Thomas Tallis to such idiosyncratic moderns as Henryk Gorecki, John Cage and Astor Piazzolla.

Most impressive, however, was the concert that concentrated on 20th-century classics, including Berg's "Lyric Suite," Webern's Opus 9 Bagatelles and Bartok's Quartet No. 3, along with George Crumb's "Black Angels," a theatrical work the group has made its own.



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### CROSSWORD

**ACROSS**

1 Problem in the defense lines  
5 Mountain dew producer  
10 Theones  
14 On — with (sequel)  
15 Lofy root  
18 Cannon of "Deathtrap"  
17 First name in jeans  
18 French and Indian War battle site  
20 "Much Ado About Nothing" friar  
22 Gallant  
23 Article in France-Sor

**DOWN**

24 Clinton, e.g., before being Pres  
25 Igneous rock constituent  
27 Grand Canyon view  
31 It's 11 deg. at the equator  
32 Pueblo material  
33 With competence  
35 Cause to grieve  
36 Standard partner  
40 — Man Answers (1992 film)  
41 "Penelope" composer  
42 — silly question

**ACROSS**

43 Recognize  
44 Part of LEM  
45 A. on a phone  
47 Opened, as a door  
49 "The Dating Game" contestant  
53 Mentalist Geller  
54 1-Down doubled  
55 80's sitcom with the voice of Paul Fusco  
56 Wild asses  
58 Newfoundland's capital  
62 Where Farsi is spoken  
64 Shells and such  
65 Standing by  
66 "Lovely" Beatles girl  
67 Arrogant shots  
68 Neighbor of Oman  
69 Spring  
70 Soccer segment  
71 Telephone abbr  
72 Kind of lamp  
73 St. Patrick's Day phrase  
74 Mouth moisture  
75 They may be herbal  
76 Tick off  
77 Feudal lord  
78 Under sanction  
79 49-Across's last words  
81 Vermont product

**DOWN**

12 — cum laude  
13 Vile smile  
19 Classic Icelandic poetry  
21 Nuclei  
25 Quartet hidden in this puzzle  
26 Beer brewed in Bremen  
27 Herringway's handle  
28 Commotions  
29 Breakfast area  
30 Water source  
34 Bowling green  
36 Bee or Em  
37 "Dies —"  
38 Disappointing date, maybe  
41 Regional plants  
43 Wet blanket  
44 Qualifying race  
48 Burner designer  
49 Kind of metabolism  
50 Texas shine  
51 Sherry  
52 — mud (in agreement)  
56 Story starter  
57 Petal Island's lake  
58 Tel-lal preceder  
59 Say with annoyance  
61 Refusals  
62 She Done — Wrong

**Solution to Puzzle of May 26**

ACROSS: 1. PROBLEM, 5. MOUNTAIN, 10. THEONES, 14. ON, 15. LOF, 18. CANNON, 17. JEANS, 18. FRENCH, 20. FRIAR, 22. GALLANT, 23. ARTICLE, 24. CLINTON, 25. IGNEOUS, 27. CANYON, 31. EQUATOR, 32. PUEBLO, 33. WITH, 35. CAUSE, 36. STANDARD, 40. MAN, 41. PENELOPE, 42. SILLY, 43. RECOGNIZE, 44. PART, 45. A, 47. OPENED, 49. THE, 53. MENTALIST, 54. 1-DOWN, 55. 80'S, 56. WILD, 58. NEWFOUNDLAND, 62. WHERE, 64. SHELLS, 65. STANDING, 66. LOVELY, 67. ARROGANT, 68. NEIGHBOR, 69. SPRING, 70. SOCCER, 71. TELEPHONE, 72. KIND, 73. ST. PATRICK'S, 74. MOUTH, 75. THEY, 76. TICK, 77. FEUDAL, 78. UNDER, 79. 49-A, 81. VERMONT.

DOWN: 12. CUM, 13. VILE, 19. CLASSIC, 21. NUCLEI, 25. QUARTET, 26. BEER, 27. HERRINGWAY, 28. COMMOTIONS, 29. BREAKFAST, 30. WATER, 34. BOWLING, 36. BEE, 37. DIES, 38. DISAPPOINTING, 41. REGIONAL, 43. WET, 44. QUALIFYING, 48. BURNER, 49. KIND, 50. TEXAS, 51. SHERRY, 52. MUD, 56. STORY, 57. PETAL, 58. TEL-LAL, 59. SAY, 61. REFUSALS, 62. SHE DONE.

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## STAGE/ENTERTAINMENT



"Sweet Charity," at the Victoria Palace, is surrounded by the ghosts of too many Broadway greats.

### A Murky 'Nabokov's Gloves' But at the Jermyn, a Glorious Musical Mockery

By Sheridan Morley  
International Herald Tribune

**L**ONDON — The title of Peter Moffat's new play at Hampstead, "Nabokov's Gloves," needs a little explaining. It appears, though this is only very tenuously covered by the play itself, that the author of "Lolita" was also an eager butterfly collector who took the usual precaution of covering his hands before dealing with his favorite creatures.

We are perhaps meant to understand from this that people as well as butterflies are fragile but interesting if examined under microscopic conditions.

Certainly the lawyers gathered around the table in Moffat's play are shaky enough in their own skins, but it is significant that before this stage premiere, the play should have received an award for "new writing" by a television station.

"Nabokov's Gloves" resembles nothing more closely than one of those television pilots that rapidly introduces one to a whole gang of neighbors or doctors or, yes, lawyers whose lives and problems we are to follow in the weeks ahead. But with a stage play there are no weeks ahead, so Moffat has to race through half a dozen case histories in a brisk couple of hours.

We meet Nick (a dour Greg Wise) who, despite being married to a winningly winsome doctor (Niamh Cusack) falls catastrophically in love with one of his clients, a dour heroin addict and dealer who might just possibly have been caught up in parental murder.

As if that weren't enough, we also get the wise older clerk of the chambers (David Cardy, memorably complaining that his gazpacho is cold) and Beatie Edney as Darling, yet another career lawyer turned so cynical that you wonder why the meal she is forever cooking hasn't curdled in her own despair. True, she has a wonderful recipe that involves stuffing a chicken with a beer can refilled with white wine, a truly stomach-churning sight, but beyond that Moffat seems fatally undecided whether he is writing a courtroom thriller, an attack on the cynical and self-serving evasions of the legal profession or a loving account of some truly wounded souls clinging to each other for comfort outside the Inns of Court.

Although the director Ian Brown does what he can to tie up all the loose ends, there are rather too many of them left over.

In a summer already alive with the sound of old musicals, "Sweet Charity," the greatest of all Cy Coleman's Broadway hits, comes back to us at the

Victoria Palace looking all of its 30 years and then some.

There is nothing much wrong with this revival that couldn't be solved by the injection of several million dollars and an almost entirely new cast. The difficulty is that the show is already surrounded by the ghosts of such one-time Broadway greats as Bob Fosse, Gwen Verdon, Juliet Prowse and, on film, Shirley MacLaine and Sammy Davis Jr. Those are almost impossible memories to beat, and though Bonnie Langford has at last thrown off her Shirley Temple problems to become an infinitely hard-working, talented and feisty Charity, every other expense on the show has been spared with the result that the rest of the company seems not so much undercast as barely cast at all.

In a tacky production that looks as if it has been on the road for years instead of weeks, a crucial lesson has never been understood: "Sweet Charity" may be set in and around a tawdry nightclub, but it needs to look like a million dollars. Here everything from the scenery to the choreography to the lighting looks returned from the pawnshop unsold.

This is definitely amateur night, with only Langford and Mark Wymier, as the Mastroianni-like lover, giving anything more than barely adequate performances; everything that should be brisk and glib and cynical is slow and tired and as worn out already as the girls in search of their Big Spender.

As for the Rhythm of Life, it seems to have been halted altogether: A once-great showstopper now signally fails to stop a show that has already died of its own inertia and underfunding on the long road from Bromley where it opened and should have closed.

**M**UCH better news, however, at the tiny Jermyn Street Theatre, where John Meyer's "The Betrayal of Nora Blake" is a wonderful addition to that long tradition of (usually off-Broadway) musical mockeries, shows like "Dames at Sea" and "Little Mary Sunshine" that managed simultaneously to celebrate and parody certain genres of old Hollywood movies.

This time we are in the 1946 world of Lana Turner and Barbara Stanwyck movies, about mysterious but magnificently glamorous women caught up in murder plots of incredible complexity. As author, composer and lyricist, Meyer has come up with a masterly parody of all that and more, a score that harks back to Miklos Rosza and Franz Waxman. The actor Nickolas Grace, meanwhile, has

directed an amazingly nimble production making the best use I have ever seen of the cramped Jermyn Street stage.

As the sisters, Claire Moore (the good) and Issy Van Randwyck (the bad) are just wonderful, while around them Michael Mateus, Andrew Wadsworth, John Levin and Ann Wakefield make up an equally agile cast, all of whom must have spent hours watching midnight reruns of all the movies of this very precise postwar time to come up with such deadly accurate and wickedly mocking performances. This show clearly has a strong future off-Broadway; but having opened over here first for a change, I just hope it stays around long enough to catch the rest of us old movie freaks.

A couple of seasons ago off-Broadway, "Rent" jolted the American musical back to some kind of shaky life after a decade of almost nothing but London imports. It won countless awards for its creator, Jonathan Larson, including the Pulitzer, though tragically he never lived to receive any of them, dying at 35 just before his show went into preview.

Something about his sudden death gave "Rent" almost mythic status, and it is still selling out all over America. Seen now at the Shaftesbury, however, it comes up looking like "Hair" for the brain-dead, a musical already totally overtaken by such later Broadway hits as "The Life" and "Ragtime."

Sure there is a lot of noise and energy here, but the work comes from nowhere and goes nowhere very slowly. There are, after the interval, a couple of good songs, but in hijacking the plot of "La Boheme" and ramming into the 1990s America of music videos and electronic amplification, Larson has somehow failed to add anything to the original creation.

You have only to think of the way in which Boublil and Schönberg took "Madama Butterfly" and rebuilt it for the Vietnam War as "Miss Saigon" to judge the extent of the failure here. "Rent" is at once noisy and very hard to hear, and its parts never add up to anything whole.

As if terrified of giving his audience time to think, the director Michel Greff moves the show at such a pace that you never really get to care about any of the downtown loft-squatting group of Manhattan dropouts trying to raise the rent of the title. The story line is ramshackle, the show itself hopelessly fragmented, and yet there remain some isolated moments of a yearning, tentative, lyrical love that offer glimpses of the show Larson might one day have written had he lived.

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## A Rare Chance For Meyerbeer

### But 'Le Prophete' Falls Short

By George W. Loomis  
International Herald Tribune

**V**IENNA — It's high time that an opera by Giacomo Meyerbeer scored a modern success comparable to those they routinely achieved in the 19th century.

In a perfect world, this would have happened here last week, when the Staatsoper's new production of "Le Prophete" crowned an unprecedented tribute this season to the composer's specialty — that elaborate, action-packed genre known as French grand opera.

Samples by Verdi ("Les Vespres Siciliennes") and Wagner ("Rienzi," a French grand opera in all but language and national origin) had already been displayed.

The latest venture boasted Placido Domingo in the central role of Jean of Leyden, the false prophet engendered by the Anabaptist revolt in 16th-century Germany.

The opera can make for a pleasurable evening and did so last Thursday. But only when a production takes Meyerbeer's stage craft at face value and proves it can work with his operas surmount the bitter criticism, born of anti-Semitism, that has long dogged their reputation.

Wagner profited from Meyerbeer artistically but turned on him famously in the odious essay "Judaism in Music."

"Effects without causes" was his catch-phrase for Meyerbeer and it stuck. Effects there are, and spectacular ones to be sure, but Meyerbeer and his librettist, Eugene Scribe planned their works with meticulous care.

The music of "Le Prophete" has much surface appeal but it also has psychological depth, most of all in its portrayal of Jean, the well-meaning, tavern-keeper whose experience with feudal tyranny made him easy prey for the Anabaptists, and his relationship with his mother, Fides. Meyerbeer treats Jean sympathetically, but he was no champion of the underdog. "Le Prophete" is more about the

dangers of demagoguery than the injustice of oppression.

In his new production, Hans Neuenfels seemed to sense the bias by having farm laborers toil in the opening scene while well-heeled choristers — arranged to look like Meyerbeer's bourgeois audience — extolled the loveliness of the "serene day." But his show couldn't begin to refute Wagner's charge because the opera's "effects" were routinely ignored.

Much of Neuenfels's contribution seemed more in tune with absurdist theater than forthright historical drama. Irrelevant props abounded, and Reinhard von der Thann's sets had Fides's prison cell looking like a furniture warehouse, complete with working television set. Under the circumstances, it was no surprise that Jean's coronation scene, its famous march moved to another point in the opera, came off as something less than the "miracle" Verdi called it.

At least the performance had a powerful asset in Domingo's Jean. It was not just that he sang like a prince. Equally heartening was the remarkable display of artistic spirit this superstar demonstrated by taking on so challenging a new role at age 57. He paced himself beautifully and, aided by a few minor edits, sounded as fresh in the final drinking song as he had three hours before.

An ideal Fides will have warmly enveloping, motherly tones, as well as razor-sharp coloratura. Agnes Baltsa was deficient on both counts, and Neuenfels didn't help matters by making Fides into a fashion-conscious, rather forbidding figure. But Baltsa's intensely committed performance earned her an ovation.

Viktoria Loukianetz, contributed lovely, lyrical singing as Bertha, Jean's devoted sweetheart. She sang the death-scene arioso Meyerbeer deleted before the premiere, which helps bolster Bertha as a character. But one questioned the wisdom of restoring this music when the conductor Marcello Viotti cut a fair bit of what Meyerbeer retained.



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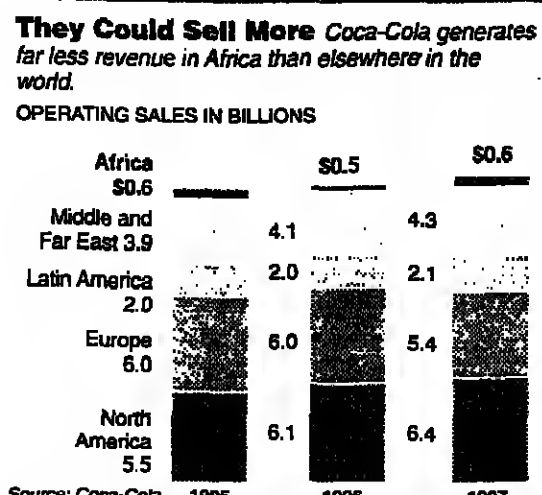
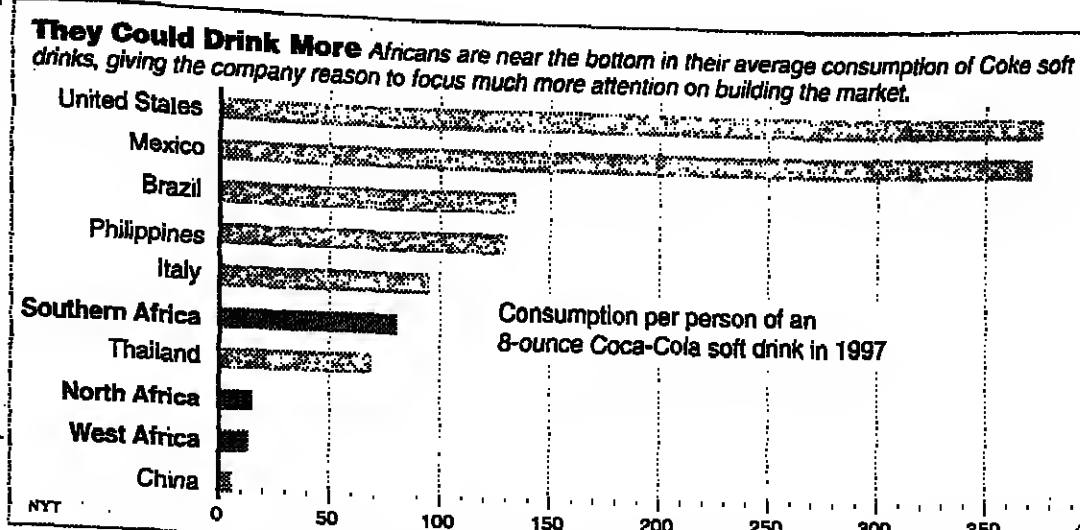
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WEDNESDAY, MAY 27, 1998

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## Coca-Cola Aims to Cap Its Dominance in Africa

By Constance L. Hays  
and Donald G. McNeil Jr.  
New York Times Service

On the edge of the black South African township of Soweto, perched atop a hill, is a small, one-story building that serves as the Coca-Cola bottling plant. It is a retired South African Air Force warplane known as the Coke Bomber.

This month, workers showed up to give the plane, which bears the Coca-Cola Co.'s trademark red logo, a fresh paint job, courtesy of Coke. Coke is now also paying Mr. de Villiers to illuminate the plane at night.

Elsewhere in South Africa, in the vast Orange Farm shantytown outside Johannesburg, the refrigerators at tiny "spaza shops," run out of the backs of tin and cinderblock houses, carry Coca-Cola products supplied by local distributors who have plenty of incentive to keep them filled with Coke bottles.

Meshaq Malindi, one such distributor, says that if he can beat all his rivals to double-digit sales growth, he will win a trip to the soccer World Cup in France this summer.

To the north, in Angola, local officials in the town of Bojossus are awaiting the construction of a \$30 million Coke bottling plant. Meanwhile, in Ghana on the West African coast, a \$34 million plant is already in full swing.

These are among the many signs that Coca-Cola is beating up its efforts in Africa.

Coca-Cola has been available in South Africa for 60 years and in West Africa for 30, and its trademark glass bottles turn up in Ugandan villages, Madagascar roadside bums and Zairian refugee camps.

But the company has long tended to ignore Africa's underdeveloped markets, and only recently has the continent acquired priority status — a decision made largely by Coke's new chairman and chief executive, Mr. Douglas Ivester.

Mr. Ivester toured Africa in January 1997, nine months before being named to Coke's top job. His new Africa strategy, presented formally to the board in December, aims to double sales — they were 712 million cases last year, a meager 3 percent of the company's global total — in five years.

The strategy has several parts: strengthening Coke's bottler network,

increasing the ranks of its outlets and intensifying its marketing to consumers. During Phase 1 last year, an estimated 50,000 coolers and refrigerators were installed, many in places such as Orange Farm that only recently got electricity, to put Coke products within easier reach.

Coke is spending freely to build its network of bottlers and sales people, both on its own and through its anchor bottler, Coca-Cola Sabco. It is also using local institutions, from universities to soccer tournaments, to propel its strategy along.

"To be very candid, Africa has not historically been a real priority for the

Coca-Cola Co.," Mr. Ivester said in a speech at the World Economic Forum in Davos, Switzerland, this year. "But over the past two years, we have come to a very different perspective."

That shift came about, he said, because of African population growth — there are 610 million people in the continent now and may be a billion by 2020 — and disproportionately low sales. The per capita consumption is 27 eight-ounce Coke servings a year, compared with North America (358) or Latin America (187). Even though Coke, at 20 to 80

See COKE, Page 19

## ABN-AMRO Makes Bid For Generale de Banque

### \$12.3 Billion Offer Tops One Made by Fortis

AMSTERDAM — ABN-AMRO Holding NV offered 447.6 billion Belgian francs (\$12.3 billion) in cash and stock Tuesday for Generale de Banque SA, topping an all-stock offer by Fortis in a bid to become Europe's third-largest bank.

In what would be the biggest foreign purchase by a Dutch company, ABN-AMRO offered 19 shares plus 9,000 Belgian francs in cash for each share of the Belgian bank. The bid was worth 27,080 francs a share, based on Monday's closing price, a premium of 16 percent. Fortis's bid is now worth 25,433 francs a share.

A successful bid would give ABN-AMRO, which was spurred in its attempts to buy Compagnie Financiere de CIC of France in April, a gateway to France and larger international operations as Europe prepares for monetary union next year.

An acquisition of Generale de Banque would also give ABN-AMRO a springboard into northern Italy, establishing a second European hub to go with its supporting pillar in the U.S. Midwest, where it owns Standard Federal Bancorp., LaSalle National Corp. and Chicago Corp.

ABN-AMRO's bid came a week after Generale de Banque accepted an offer from Fortis, a Belgian-Dutch financial concern, which is willing to pay seven

shares in Fortis AG, its Belgian arm, for every three Generale Bank shares it does not own. Fortis declined to comment on its next move before studying the ABN-AMRO bid.

Generale Bank's biggest shareholder, Societe Generale de Belgique SA, or SGB, which has already agreed to transfer its 29.2 percent stake to Fortis, said the deal was final.

"Our sale is definitive to Fortis AG," an SGB spokesman, Guy Dellicour said. "The ABN-AMRO bid will certainly not be looked at."

But Jan Kalf, the chairman of ABN-AMRO, said his bank had been in talks with Generale de Banque for several months, and he predicted that the bid would succeed.

Mr. Kalf said that a "firm footing" had been reached in recent months. "We trust that the same enthusiasm that existed then still exists today," he said.

If ABN-AMRO succeeds, it would become Europe's third-largest bank in a departure from the step-by-step growth strategy of the Netherlands biggest bank.

"It's not a traditional ABN-AMRO move, more a giant leap," said Peter van Doesburg, an analyst at Effectenbank Stroeve. "It's a last-ditch effort to get into a bank of a reasonable size, not too big and not too small. In Germany, France, Belgium, there are not that many opportunities to take over a good functioning bank, which Generale de Banque is, of course."

If successful with its bid, ABN-AMRO would trail only the combined Union Bank of Switzerland-Swiss Bank Corp. after their merger and Deutsche Bank AG of Germany among the largest European banks ranked by total assets at the end of 1997.

The combination of ABN-AMRO and Generale de Banque would have total assets of about \$382 billion, surpassing the \$382 billion in total assets that a Fortis-Generale de Banque combination would have. The new UBS AG will have total assets of about \$690 billion and Deutsche Bank has total assets of about \$583 billion.

A Generale de Banque spokeswoman, Kathleen Steel, said the bank had no immediate comment on the offer by ABN-AMRO. Generale de Banque's board was expected to discuss both bids on Wednesday. (Reuters, Bloomberg)

## Netscape Studiously Plays Down Microsoft Antitrust Suit

By Andrew Pollack  
New York Times Service

MOUNTAIN VIEW, California — Netscape Communications Corp. has done a lot of crowing in the last week. It announced it had won a big contract to supply Citibank with software for electronic commerce. It outlined details of its new strategy to turn itself into a Web-based information service in competition with America Online Inc. and Yahoo Inc.

And, of yes, the Justice Department and 20 states filed antitrust suits against its arch-rival, Microsoft Corp.

The lawsuits, if successful, could significantly help Netscape over the long

run, company officials said. Despite that, and despite years of complaining that Microsoft was competing unfairly, Netscape executives greeted the filing of the lawsuits with studied indifference.

The legal action "is not an asset or liability of the company," James Barksdale, the president and chief executive, said in his first interview since the suits were filed. "We're off to many other bigger things right now."

The stock market reaction was also subdued. On the day the suits were filed, May 18, Netscape shares fell 68.75 cents, to \$27.25. Part of the reason for caution is that it is not yet clear whether or what the government will win and how long it will take.

"The suit could take months, if not longer," said Michael Parekh of Goldman, Sachs & Co.

But Netscape, the one-time Internet superstar that has fallen on hard times, needs to move faster than that to right its business, he and others said.

Competition from Microsoft's browser has clearly hit the smaller company hard. Netscape reported a loss of \$115.5 million in 1997 on sales of \$534 million. Netscape's shares closed Tuesday at \$23.875, down \$1, amid anticipation that the company would report a loss for the second quarter. The report was to be released after the close of trading in New York.

There is also a complex politics of

perception at work. Netscape executives do not want to be perceived as "whiners," Mr. Barksdale said. That would play into Microsoft's contention that the lawsuits will not help consumers but will merely bail out a handful of competitors that cannot hold their own in the marketplace.

The Justice Department's suit seems highly focused on what it says are Microsoft's attempts to use its near-monopoly in computer operating systems to promote its Internet Explorer Web browser at the expense of Netscape's Navigator. As a remedy, Justice wants Microsoft to either stop bundling its

See NETSCAPE, Page 16

## MEDIA MARKETS

### Merger Scoops: A Cornered Market?

By Howard Kurtz  
Washington Post Service

WASHINGTON — It happened like clockwork: On the morning of May 6, The Wall Street Journal disclosed that Chrysler Corp. and Daimler-Benz AG were "engaged in top-secret discussions about a merger." A day later, the companies announced the \$38 billion Daimler takeover of Chrysler.

Steven Lipin, the maestro of mergers and acquisitions, had scored again. The Journal reporter and his paper have gotten a 24-hour jump on one blockbuster corporate combination after another.

How does he do it? "People think I sit around waiting for the phone to ring and get these stories in my lap," said Mr. Lipin, 35. "It's not as easy as some of those on the outside might think."

"It's really a seven-day-a-week job," he said. With periodic help from colleagues, Mr. Lipin has scooped the world on merger bids involving WorldCom Inc. and MCI Communications Corp.; Chemical Bank and Chase Manhattan Corp.; Westinghouse Electric Corp. and Infinity Broadcasting Corp.; Gillette Co. and Duracell International Inc.; Kimberly-Clark Inc. and Scott Paper Ltd.; Boeing Co. and most of Rockwell Corp.'s defense holdings; Lockheed Martin Corp. and most of Loral Corp.; Bass Inc. and Intercontinental Hotels; and HealthSouth Corp.

and Columbia/HCA Healthcare Corp. Just like politicians who leak their plans, Mr. Lipin concedes, some courtship companies want a publicity boost.

"Exclusive stories often get better play," he said. "If you think on a Monday your deal might get buried in an avalanche of other deals, one alternative is to give it to us on Sunday."

"He's the greatest M&A reporter we've ever had," said Dan Hertzberg, deputy managing editor and one of Mr. Lipin's predecessors on the beat, referring to mergers and acquisitions. "He works very hard, is incredibly sourced and is incredibly conservative. This sort of stuff you cannot afford to be wrong on."

Mr. Hertzberg recalled Mr. Lipin working on the Chemical-Chase merger for three weeks until he was confident enough to publish it. The hardest thing, said Mr. Hertzberg, is to avoid being suckered. "Everyone's talking to everyone. You could be talking every day saying people are talking."

But the Lipin method raises intriguing questions. Each story touts the size and strength of the companies and the potential of the partnership — but rarely includes skeptical questions about potential drawbacks or problems. In fact, most of the pieces quote no one — not company officials, industry observers or outside experts.

On Daimler-Chrysler, he wrote: "The implications of such a deal would be staggering." "The transaction

would reshape the industry," and "The combined company would have an estimated \$130 billion in revenue." On Gillette: "Duracell is rolling out new products that could be exploited by the marketing whizzes at Gillette."

"When you're doing a merger, what you want is pure positive spin," said Jim Cramer, an investment banker and co-founder of the on-line magazine TheStreet.com.

"The way you can be assured of positive spin is you give it to one guy as part of a quid pro quo. He leads with the story and doesn't have enough time to do 'on the one hand, on the other hand.' It's the one time you can get your press release in the paper."

Mr. Lipin dismissed the notion that he makes any "deals" about coverage; he just does not want his leaked stories leaked elsewhere.

"If I have something I consider exclusive, the last thing I want to do is call an outside expert," Mr. Lipin said. "We're very concerned about the possibility of leaks."

Stephen Shepard, editor of Business Week, said the leaks generally came from investment bankers. He noted that the deal combining Citicorp and Travelers did not use outside bankers — and did not leak in advance.

"Often times, leaks are done to ensure that the deal happens," Mr. Shepard said. "If they're very close to a deal, they may leak it to put pressure on people to get it done."

## CURRENCY & INTEREST RATES

May 26									
Cross Rates									
	\$	£	DM	FF	Yen	Sc	Sw	DK	Other
American	1.00	0.65	1.93	166.63	106.48	136.76	8.00	4.66	1.36
British	1.56	1.00	2.93	253.36	160.33	206.35	125.00	6.56	2.06
French	6.56	3.36	1.00	6.56	4.93	6.56	1.93	1.00	1.00
German	0.51	0.31	0.15	1.00	0.71	0.51	0.15	0.15	0.15
Italian	1.93	1.21	0.35	1.66	1.21	1.93	0.35	0.35	0.35
Japanese	0.009	0.006	0.002	0.007	1.00	0.009	0.002	0.002	0.002
Swedish	0.13	0.08	0.03	0.04	0.13	1.00	0.03	0.03	0.03
Swiss	0.71	0.46	0.17	0.21	0.71	1.00	0.17	0.17	0.17
Other	0.007	0.004	0.001	0.001	0.007	0.004	0.001	0.001	0.001
May 26									
Libid-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
18-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
24-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
36-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
48-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Key Money Rates									
	Today	Prev	Today	Prev	Today	Prev	Today	Prev	Today
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
18-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
24-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
36-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
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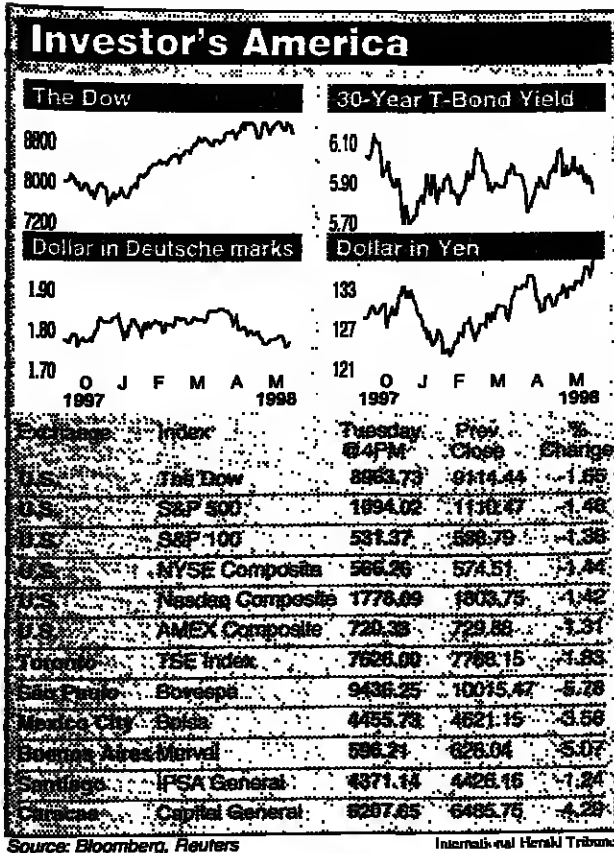
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## THE AMERICAS



## Very briefly:

- Tyco International Ltd. agreed to acquire U.S. Surgical Corp. for \$3.3 billion.
- Time Warner Inc., Liberty Media Corp. and NBC agreed to a deal that will leave Liberty and Time Warner each owning half of the Court TV channel, buying out NBC's one-third stake. Financial terms were not disclosed.
- Canada Life Assurance confirmed that it was buying Crown Life Insurance's operations in Canada and key assets abroad. Terms were not disclosed, but Canada Life said the purchase would increase its assets by more than 5 billion Canadian dollars (\$3.4 billion), to 48 billion dollars.
- Homestake Mining Co. said it had offered to acquire the 49.4 percent stake of Prime Resources Group Inc. it did not already own in a transaction valued at \$306 million.
- Mobil Corp. is said to have agreed in principle to resolve civil allegations that it systematically shortchanged the U.S. government on royalties, paying the government \$45 million.
- Roslyn Bancorp., a suburban New York savings-and-loan association, said it had agreed to buy a local rival, T.R. Financial Corp., for \$1.1 billion in stock, more than doubling its business on Long Island.

## Weekend Box Office

**The Associated Press**

**LOS ANGELES** — "Godzilla" dominated the U.S. box office over the weekend, with a gross of \$55.5 million.

Following are the Top 10 moneymakers, based on estimates for Friday through Monday.

	1	2	3	4	5	6	7	8	9	10
	Godzilla	Deep Impact	The Horse Whisperer	Bulworth	The Cider House Rules	Forrest Gump	City of Angels	He Got Game	Saving Private Ryan	10. Sliding Doors
	\$55.5 million	\$19 million	\$13.2 million	\$12.5 million	\$11.5 million	\$10.5 million	\$9.5 million	\$8.5 million	\$7.5 million	\$6.5 million

## Hearst-Argyle Agrees to Buy Pulitzer's TV Assets

**ST. LOUIS** — Hearst-Argyle Television Inc. agreed Tuesday to acquire Pulitzer Publishing Co.'s 14 television and radio stations for about \$1.85 billion in stock and assumed debt, in a transaction involving two of the best-known names in American journalism.

Pulitzer, based in St. Louis, also said it planned to spin off its main newspaper business to shareholders to create a company known as Pulitzer Inc. That company will have no debt and \$450 million in cash and will consider acquiring other newspapers, Pulitzer said.

Hearst-Argyle will assume \$700 million in debt from Pulitzer's broadcast division and gain \$41 million in working capital at the

closing, expected before the end of the year. Pulitzer's nine television stations will give Hearst-Argyle a total of 24, making it the second-largest group of stations in the United States not owned by a television network.

Hearst Corp. is the majority owner of publicly traded Hearst-Argyle, which was created by the combination last year of Hearst's and Argyle Television Inc.'s television stations.

Pulitzer, founded in 1878, owns the St. Louis Post-Dispatch and the Arizona Daily Star in Tucson as well as 13 smaller dailies, primarily in the Western and Midwestern states.

The company said it would pursue acquisitions and other "growth opportunities" in the newspaper industry, which has benefited from

higher advertising revenue and stable newspaper prices in recent years.

Pulitzer's stock fell \$2.75 to close at \$87.25. Hearst-Argyle rose 68.75 cents a share to end at \$34.9375.

Michael Pulitzer will be chairman and chief executive of Pulitzer Inc. and join the board of Hearst-Argyle. The transaction, which has the support of 65 percent of the shares outstanding of Pulitzer, is expected to be completed by the end of the year. The spin-off, which will be on a share-for-share basis, must be approved by the Internal Revenue Service. The value of U.S. broadcast stations has soared in the past year because of strong advertising and looser federal restrictions on ownership. (Bloomberg, AP)

## Stocks Fall on Fears of Impact From Asia

**NEW YORK** — Stock prices fell Tuesday, with blue-chip issues closing below the 9,000-point mark for the first time in three weeks on worries that corporate profit growth is leveling off and that Asia's financial problems are beginning to show up in the U.S. economy.

The Dow Jones industrial average closed 150.71 points lower at 8,963.73, and the Standard & Poor's 500 index fell 16.45 to 1,094.02. Declining issues outnumbered gainers by 2-3-to-1 ratio on the New York Stock Exchange.

With earnings growth leveling off, "there's no compelling reason to buy stocks," said Lan Jancsek, chief investment officer for U.S. equities at the Florida State Board of Administration. "Funds are looking to cut back on equities rather than add to them."

Investors worry that the slide in the yen may prolong Asia's turmoil and hold back U.S. corporate earnings longer than expected, said Henry Herrmann, chief investment officer at Waddell & Reed.

Two economic reports showed a cooling in the economy. The Conference Board said its index of consumer confidence fell to 135.2 in May from a revised 137.2 in April, and the National Association of Realtors reported that home sales slipped 2.5 percent in April from the record rate reached in March.

The indications of a slowing economy, and resulting low inflation, pleased the bond market, where the price of the benchmark 30-year issue rose 28/32 point, to 104, reducing the yield to 5.84 percent from 5.90 percent on Friday. Markets were closed Monday for the Memorial Day holiday.

## U.S. STOCKS

May from a revised 137.2 in April, and the National Association of Realtors reported that home sales slipped 2.5 percent in April from the record rate reached in March.

The indications of a slowing economy, and resulting low inflation, pleased the bond market, where the price of the benchmark 30-year issue rose 28/32 point, to 104, reducing the yield to 5.84 percent from 5.90 percent on Friday. Markets were closed Monday for the Memorial Day holiday.

## U.S. STOCKS

The weak Asian economies and financial markets also gave boost to the relative safety of U.S. assets.

Symantec fell 3 1/16 to 24 1/4 after Dr. Solomon's Group, a rival software company, said it would provide anti-virus software to former Symantec clients.

Diebold fell 8 3/4 to 30 1/4 after the maker of automated teller machines said its second-quarter profit would be below year-earlier levels and analysts' forecasts. Diebold said its results were being hurt by bank merger trends and year 2000 problems.

Among the gainers, Ford rose 1 to 52 after Mazda said it expected to post a profit this year for the first time in six years because of strong exports. Ford owns 33.4 percent of the Japanese automaker and has taken control of management. (Bloomberg, Reuters, AP)

## NETSCAPE: Microsoft's Legal Woes Could Be a Boon, But Not Immediately

Continued from Page 15

browser with its Windows operating system or include Navigator.

Netscape and the Justice Department say the suit looks at Netscape's plight only as a case study of broader practices by Microsoft. Still, the perception is spreading that Netscape needs the government.

There is an increasing perception in Silicon Valley that Netscape is the computer equivalent of a welfare mother, totally dependent on government intervention," said Roger McNamee, general partner of Integral Capital Partners, an investment group. That could make the company complacent when, he said, its destiny

is actually in its own hands.

An even more unfavorable perception, raised in numerous industry publications, is that Netscape might not be able to survive on its own. Calling attention to a government lawsuit that quotes a Microsoft executive vowing to "cut off the air supply" to Netscape could scare off big corporate customers, which are generally reluctant to depend on software from a company they fear will not be around for the long haul.

The Justice Department lawsuit "is good for us from a factual standpoint," said Marc Andreessen, a co-founder of Netscape. "From a perception standpoint, it's as much negative as positive."

## Software Firms Merge in U.S.

**SUNNYVALE, California** — Hyperion Software Corp. and Arbor Software Corp. said Tuesday that they had agreed to merge in a transaction valued at \$798.4 million in stock, creating one of the largest U.S. makers of financial software for businesses.

Arbor will issue 0.95 share for each share of Hyperion, or \$40.02 a share. Together they hope to win a bigger share of a market expected to triple to \$2.6 billion in sales by 2001.

## AMEX

**Tuesday's 4 P.M. Close**

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press

Stock	High	Low	Open	Close
Alcoa	21.1	20.8	20.9	21.0
Amgen	18.1	17.8	17.9	18.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0
Amstar	14.1	13.8	13.9	14.0

## U.S. STOCK MARKET DIARY

**Indexes**

**Dow Jones**

**NYSE**

**AMEX**

**Dow Jones Bond**

**Trading Activity**

**NYSE**

**AMEX**

**Market Sales**

**Dividends**

**STOCK**

**STOCK SPLIT**

**STOCK INCREASED**

**INITIAL**

## INTERNATIONAL FUTURES

**May 26, 1998**

**Grains**

**Metals**

**Oil**

**10-YEAR FRENCH GOV. BONDS (MATIF)**

**ITALIAN GOVERNMENT BOND (LIFED)**

**LIBOR 1-MONTH (CME)**

**LIBOR 3-MONTH (CME)**

**LIBOR 6-MONTH (CME)**

**LIBOR 9-MONTH (CME)**

**LIBOR 12-MONTH (CME)**

**LIBOR 15-MONTH (CME)**

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## EUROPE

## Telekom to Spin Off Cable-TV Activities

**Bonn** — Deutsche Telekom AG, Germany's dominant phone company, said Tuesday it would spin off its unprofitable cable-television activities and would seek partners to break up the operations into at least six regional companies.

The announcement, which had been expected for some time, was seen as a move by Telekom to head off regulatory action by the European Commission, which has pressed for breaking dominant phone carriers from operating cable-TV networks.

"The spin-off is a decision that looks toward the future, that will provide our customers a new attractive offering," said Gerd Tenzer, Telekom board member in charge of cable TV.

Deutsche Telekom's cable activities posted losses of 1.3 billion Deutsche marks (\$736 million) in 1997, and Telekom said this month

it would set aside as much as 4.5 billion DM this year to cover costs after regulators rejected its attempt to raise cable fees.

Under pressure to make cable TV profitable, the management board approved a plan Monday to put the cable assets into a fully owned subsidiary on Jan. 1 and began talks with potential investors about creating regional cable companies.

By 2000, at least six regional cable companies would be set up. The regional operators would in turn jointly own a service unit that would market programming to the customer.

A Telekom spokesman said the company "could give up the majority in the regional companies" to other investors.

Telekom said it would place no restrictions on how other operators developed the network in the future, a position that could open the door for operators to offer phone services and Internet access over the cable network.

## Liffe Moves Up Start Of Its New System

**Bloomberg News**  
**LONDON** — The London International Financial Futures and Options Exchange said Tuesday it would speed the introduction of its new electronic trading system by six months to avoid losing business to rival European derivative exchanges.

The exchange, known as Liffe, said it would introduce its Automated Trading Platform in the second quarter of 1999.

The system will be an extension of the current Liffe Connect system for trading equity options and will allow trading of all of Liffe's futures and options products.

"With the spin-off, they are back on track to making profits in cable TV — one of the main loss-making units," said Michael Schatzschneider, an analyst at BHF-Bank AG.

Telekom offers direct cable-TV services to about 6 million households, or more than one-third of the 17 million that get cable in Germany. Other cable-TV service providers deliver programming using Telekom's network. They send their own bills to customers and pass along Telekom's monthly fee for the connection.

Telekom is talking with potential partners such as national cable network operators, multimedia companies and financial investors. The investors would be allowed to hold majority stakes in the state and regional companies, which would be free to pursue their own expansion and operating strategies.

(Bloomberg, Reuters)

## Chirac Dreads U.S. Export Push

**Reuters**

**ANGERS, France** — President Jacques Chirac said Tuesday that he feared U.S.-European Union trade tensions could intensify as Washington sought to increase exports to Europe to offset a drop in trade with Asia.

"In the 18 months ahead, the already considerable U.S. deficit with Asia will grow more," Mr. Chirac said. "They are going to turn to Europe."

"We have started to see it," he said during a trip to the Loire Valley. "We can easily tell that they are pushing a lot in that direction to recover what they may lose in Asia."

U.S. officials have acknowledged that exports to Asia, already hit by the region's economic crisis, are likely to decline further in the months ahead.

The U.S. trade deficit rose 7 percent in March, to \$13 billion.

## South Africa Raises Its Short-Term Rates

**Compiled by Our Staff From Dispatches**

**JOHANNESBURG** — The Reserve Bank raised short-term interest rates sharply Tuesday and warned it may lift them further to combat a speculative attack on its currency and debt markets.

The move helped stabilize the rand, which lost 1.8 percent of its value last week, and pulled bond yields back from four-month highs, but stocks fell on the prospect of higher borrowing costs.

South Africa's financial markets have been buffeted by speculation that began late Friday when rumors surfaced in London and New York that the Reserve Bank planned to devalue the rand — a rumor the bank flatly denied.

The currency has been targeted by speculators as economic problems in Asia have hurt investor confidence in some other emerging markets.

"Current unstable conditions in

the foreign-exchange, money and capital markets prescribe certain temporary changes to the monetary transmission mechanism," the central bank said.

"The bank will not hesitate to increase short-term interest rates sharply should speculative forces persist," it said.

The central bank said it would fix the daily money-market securities-repurchase rate at 18 percent, compared with Monday's level of 16.094 percent.

It also said it would raise the punitive marginal lending facility rate by nearly 10 percentage points, to 28 percent, to try to protect the country from unstable market conditions.

Analysts applauded the move.

"It is a good way of managing a crisis situation," said Mike Lamont, director of the fixed-interest section at Standard Bank. "There is nervousness about the fact the currency is weak."

Colin Garrow, an economist with ABN-AMRO, said he did not think the central bank "had any other choice." He added that the bank had to make the rate move "punitive" and had done so.

South African stocks fell, with the Johannesburg All Share Index closing down 1.5 percent, or 116.32 points, at 7,842.10. But bond yields eased as prices rose despite the rate rise, an apparent sign of market approval of the measures. The yield on the most actively traded government bond, due in 2005, rose to 13.61 percent from 13.46 percent.

The rand also fell to 5.1205 to the dollar from a record low of 5.16 to the dollar Monday. The rise in the so-called repo rate Tuesday marked the first time the central bank had fixed the daily repo rate since it introduced a repurchase system March 9.

(Reuters, Bloomberg)

## Kirch-Bertelsmann Strategy

**Bloomberg News**

**BRUSSELS** — Bertelsmann AG and Kirch Group hope their planned digital-TV venture will be saved by a majority of European commissioners voting against Competition Commissioner Karel Van Miert's plans to block the alliance, a Bertelsmann spokesman said Tuesday.

The companies will not offer additional concessions and are pinning their hopes on reports that several members of the European Commission, particularly Jacques Santer, its president, favor the venture, said Matthias Wulff, a spokesman for Bertelsmann's TV arm, CLT-UFa.

In Bonn, Mr. Santer said it was "far too early to say" whether he would vote for or against Mr. Van Miert's decision. Mr. Santer and Mr.

Van Miert said the commission would take a position Wednesday, although it could allow discussions to continue until next Wednesday.

Mr. Van Miert told a European Parliament committee Tuesday that Bertelsmann and Kirch had failed to provide enough assurances that the venture would not harm rivals from the German market for digital TV.

An advisory committee of anti-trust officials from the 15 European Union countries approved Mr. Van Miert's objections to the venture Monday by 14 votes to 1, with Luxembourg dissenting. Mr. Van Miert said he said the venture was unacceptable in its current form because it would be able to bar rivals from Germany's digital-TV market by controlling access to set-top decoder boxes.

## Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
3500	4000	3500
3600	4100	3600
3700	4200	3700
3800	4300	3800
3900	4400	3900
4000	4500	4000
4100	4600	4100
4200	4700	4200
4300	4800	4300
4400	4900	4400
4500	5000	4500
4600	5100	4600
4700	5200	4700
4800	5300	4800
4900	5400	4900
5000	5500	5000

Source: Reuters

## Very briefly:

- French consumer spending rose 0.6 percent in April, its largest increase in three months, as an expanding economy prompted more purchases of furniture and appliances. Spending rose 0.4 percent in March.
- Wim Duisenberg was formally appointed president of the European Central Bank and will take office Monday along with five other board members: Christian Noyer of France, who will be vice president; Eugenio Domingo Solans of Spain; Sirka Haemelaenen of Finland; Otar Issing of Germany; and Tommaso Padoa-Schioppa of Italy.
- The European competition commissioner, Karel Van Miert, is cooperating with U.S. authorities to try to make Europe's conditions on WorldCom Inc.'s planned takeover of MCI Communications Corp. compatible with U.S. terms.
- United Biscuits Holdings PLC will buy Campbell Soup Co.'s Delacorte European cookie unit for \$125 million.
- Decaux SA raised its bid for More Group PLC to £522 million (\$854 million), or £12.20 a share, topping an offer of £11.10 a share for the British outdoor advertising company made last week by Clear Channel Communications Inc. of the United States.

(Bloomberg, Reuters)

## WORLD STOCK MARKETS

**Tuesday, May 26**  
Prices in local currencies.

High Low Close Prev.

Amsterdam

ABN-AMRO 15.50 15.50 15.50 15.50

Alcatel 15.50 15.50 15.50 15.50

Alkerm 15.50 15.50 15.50 15.50

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## WORLD STOCK MARKETS

**Tuesday, May 26**  
Prices in local currencies.

High Low Close Prev.

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ASIA/PACIFIC



Ginandjar Kartasasmita, left, with Boediono, the state planning minister, before the first meeting of the new cabinet in Jakarta.

## Jakarta's Feisty Economic 'Czar'

### Ginandjar, a Suharto Veteran, Capitalizes on Critical Role

**Bloomberg News**  
JAKARTA — Ginandjar Kartasasmita, the economic "czar" of Indonesia, laid 23 years of government service on the line when he strode into President Suharto's office early last week and told the 76-year-old leader to step down. Granted, he was joining a chorus of such calls. But Mr. Suharto, who had run the world's fourth most populous country like a fiefdom for 32 years, was not used to underlings telling him what to do. "We became convinced that nothing could be done until Suharto agreed to step down," Mr. Ginandjar said. "We could not have a maximum impact in fixing the economy if political turmoil" continued. Mr. Ginandjar and nine other ministers tendered their resignations. The gambit paid off. The next morning, Mr. Suharto resigned and named B.J. Habibie to replace him. Although Mr. Ginandjar was re-

tained by Mr. Habibie as coordinating minister for the economy, the battle is not over yet for the former air force officer. Mr. Ginandjar says early elections are crucial to restoring international and domestic confidence in the country, dashing his new boss's hopes of staying on the job until the end of the current term in 2003. Mr. Habibie said through a spokesman Monday that he would move "quickly" to call for new elections. Analysts said Mr. Ginandjar's call for elections — and the implicit threat that he would be willing to resign again if it was not heeded — made Mr. Habibie's decision easier. That Mr. Ginandjar could speak his mind with Mr. Suharto and that he is able to do it again with Mr. Habibie is a measure of how much Indonesia has changed since the devaluation of the rupiah in August. It is also a reflection of the credibility

Mr. Ginandjar has garnered in economic circles. For a government whose economic policies have lost international trust, he suddenly appears indispensable. "We need Ginandjar to be there now," said Mohammad Sadli, a former government minister and economist. As the point man in negotiations with the International Monetary Fund on the latest terms attached to Indonesia's \$43 billion bailout, Mr. Ginandjar cultivated an easy-access manner that endeared him to foreign investors. With his wire-rimmed glasses and a penchant for natty, well-tailored suits, he could be mistaken for one of them. The negotiations, and his ability to be part of the government while distancing himself from its more unsavory elements, has also raised his profile at home. The soft-spoken 58-year-old says he is interested only in economic recovery and that politics is not his game. Those who know him well, though, say he would not mind a shot at Mr. Habibie's seat himself.

Investor's Asia				
Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225
12000		2000		17000
11000		1800		16000
10000		1600		15000
9000		1400		14000
8000		1200		13000
D J F M A M		D J F M A M		D J F M A M
1997		1997		1997
1998		1998		1998
Exchange Index Tuesday Close Prev. Close % Change				
Hong Kong	Hang Seng	9,482.21	9,544.55	0.65
Singapore	Straits Times	1,512.75	1,514.04	0.24
Sydney	All Ordinaries	2,734.70	2,727.80	+0.25
Tokyo	Nikkei 225	15,894.82	15,785.12	+0.64
Kuala Lumpur	Composite	561.28	570.55	+1.62
Bangkok	SET	354.54	355.80	+0.21
Seoul	Composite Index	311.80	311.90	+0.03
Taipei	Stock Market Index	6,176.35	6,314.58	+2.23
Manila	PSE	2,100.88	2,124.45	+1.12
Jakarta	Composite Index	4,346.55	4,355.55	+0.21
Wellington	NZSE-40	2,240.10	2,238.65	-0.07
Bombay	Sensitive Index	3,875.08	3,808.11	-1.73

Source: Reuters International Herald Tribune

## Peregrine's Debts to Be Revealed

**Bloomberg News**  
HONG KONG — Five months after Asia's largest independent investment bank collapsed, Peregrine Investments Holdings Ltd.'s many creditors will get their first glimpse of just how much they are owed. Peregrine went bankrupt in January under the weight of more than \$350 million in loans to insolvent Asian companies. It also owed hundreds of millions of dollars more on some 2,000 derivatives contracts involving as many as 300 counterparties. Now, in a series of creditors' meetings in Hong Kong on June 10, 11 and 12, Price Waterhouse will for the first time release its calculations of how much those counterparties are owed on swap contracts that were never paid. "This has never been done before," said Simon Copley, the Price Waterhouse partner in charge of liquidating Peregrine's derivatives business. "There's nobody you can go to and ask, 'How have you done this?'" Bankers said markets in Asia for derivative investments — or invest-

ments whose value is derived from the value of something else, often financial instruments — were potential minefields after Asian currencies tumbled against the U.S. dollar. In South Korea, J.P. Morgan & Co. says it is owed \$500 million on such contracts. Putting a number on Peregrine's derivatives losses will not be easy, Mr. Copley said. Asked about reports that pot Peregrine's Indonesian derivatives exposure at \$9 billion, he laughed. "It doesn't even pass the giggle test," he said. One creditor, Commerzbank AG of Germany, has filed suit to recover \$40 million it says Peregrine owes it for a currency swap conducted days before the liquidation. Other creditors, frustrated by the slow pace of the liquidation proceedings, may also sue, analysts said. Price Waterhouse has already settled about \$260 million of derivatives transactions that either came due or were presented for settlement early, Mr. Copley said. "I'm only settling ones where they net owe us money," he said.

Mr. Copley has settled trades with as many as 15 counterparties, none of which were from Indonesia. Making the liquidation process difficult is the lack of a clear precedent. Three years ago, when Barings PLC went bankrupt because of derivatives losses, the Bank of England guaranteed its derivatives losses until the bank was sold to ING Groep NV. In that case, creditors only had a nervous couple of weeks before their derivatives contracts were settled by ING Barings, Mr. Copley said. "It isn't going to get any better for them with Peregrine," he said. Price Waterhouse will meet with creditors of Peregrine Derivatives Ltd. on June 10, those of Peregrine Fixed Income Ltd. on June 11 and creditors of Peregrine Investments Holdings Ltd. on June 12. All the meetings will be in Hong Kong. Price Waterhouse cannot sell any of Peregrine's debt or assets yet because it is still only the provisional liquidator, Mr. Copley said. The first item on the agenda of the creditors' meeting will be to appoint the firm as the formal liquidator.

## Profit Squeeze At Taiwan Semi

**Bloomberg News**  
TAIPEI — Taiwan Semiconductor Manufacturing Co., the cornerstone of Taiwan's high-technology industry, expects its profit margins to be squeezed this year as worldwide demand for personal computers declines, executives said Tuesday. The computer-chip maker, which accounts for more than 5 percent of the benchmark Taiwan Stock Exchange Index and is the island's largest company by market value, expects its gross margins to fall to a record low of 25 percent this year from 40 percent in 1997, said Huang Yen-chun, a vice president. The forecast sent Taiwan Semiconductor's stock tumbling 4 percent, to 132 Taiwan dollars (\$3.93), and raised concerns about Taiwan's entire technology industry. The benchmark stock index closed down 1.6 percent. The electronics subindex tumbled 4.9 percent and accounted for most of the main index's fall.

Whichever his ambitions, Mr. Ginandjar has his job cut out for him. Some fear there is little that can be done to change the grim facts of Indonesia's economy. Gross domestic product is expected to contract by at least 10 percent this year as inflation exceeds 50 percent and unemployment explodes. The \$78.2 billion in foreign debt held by corporate Indonesia has left most large companies insolvent. All that was known before rioting and looting swept Jakarta two weeks ago — the capital's worst violence in 30 years. Mr. Ginandjar will now have to lure investors back to the wreckage of what not long ago was one of Southeast Asia's hottest economies, and he will share the blame if growth continues to languish. So far, key officials at the IMF and the major donor governments of Japan and the United States say they back him. The IMF has suspended disbursements from the aid package because of the political turmoil. A third round of talks on efforts to reschedule corporate Indonesia's foreign debt, which was scheduled to have begun Tuesday in Frankfurt, was pushed back to the first week of June. Mr. Ginandjar has taken a leading role in those talks.

### Very briefly:

- Japan's securities watchdog recommended that the Ministry of Finance penalize the Tokyo offices of HSBC Securities Japan Ltd. and ING Barings Securities (Japan) Ltd. for questionable trades of Japanese stocks in 1997. It did not specify what kind of penalties might be imposed on the two brokerages.
  - Japan's 16.65 trillion yen (\$121.79 billion) stimulus package may help it stave off recession, the Organization for Economic Cooperation and Development said. The plan may "stabilize activity" in calendar 1998 and lead to real economic growth of 1.5 percent to 2 percent in the year that began April 1. Before the plan was announced, the OECD predicted that the economy would shrink 0.3 percent in 1998.
  - Siemens AG of Germany set up a telecommunications joint venture in China with two state-owned Chinese companies in Chengdu to develop telecommunication networks with fiber-optic and radio technology. The two Chinese partners are Chengdu Posts & Telecommunications Equipment Factory and Chengdu Telecommunications Cable Co.
  - The Karachi Stock Exchange halted trading when hundreds of protesters ransacked the main trading hall and computer department to protest a decision to gradually replace the open outcry system with computerized trading.
  - Taiwan's Transport Ministry selected a Taiwan-Japan consortium to build a mass rapid transit railway that is valued at \$0.5 billion Taiwan dollars (\$1.49 billion) and that will link Taipei to its international airport. The consortium is led by China Development Corp., Taiwan's leading venture capital company. Mitsubishi Heavy Industries Co. of Japan will be the main foreign partner.
  - Malaysia's lack of corporate transparency and the government's denial of many of its problems have fund managers shying away, according to the management consultancy Booz, Allen & Hamilton Inc.
  - Hitachi Ltd. said it had developed a technology for drastically increasing the storage capacity of memory-chip cards using chips four times more dense than conventional chips.
  - Hong Kong Telecommunications Ltd. launched a simplified mobile telephone service for first-time mobile service customers.
- Bloomberg, Reuters, AFP

## STRIKE: Stocks Fall as Korean Labor Group Promises Large-Scale Stoppage

Continued from Page 1

Iron & Steel Co., a government-invested company in which foreign investment cannot exceed 30 percent. Analysts saw the reasons for the financial crisis as going far beyond the imminent danger of strikes, which many viewed as a secondary factor. "They opened up rather hurriedly to foreign investment, thinking that would be a panacea," said Richard Samuelson, an analyst with SBC Warburg. "The market is the most severe disciplinarian, and the market is telling them that they are not behaving responsibly." One major problem, in the view of some analysts, was the government's policy of issuing loans to companies on the brink of bankruptcy. Mr. Samuelson said the government this year issued \$2 billion in

emergency loans, extending several hundred million dollars in the past few weeks to save the Dong Ah Group, a chaebol, or conglomerate, that has grown mainly on construction contracts. Though blamed largely on the lack of discipline of the Korean banks and chaebol, the economic tailspin also reflects Japanese troubles. Partly due to Japan's influence as South Korea's largest foreign investor and trading partner, the won was expected to decline along with the yen against the dollar. "The Korean economy is going down," said Frank Shin, a spokesman for Hyundai Motor. "We don't know when it will hit bottom. Still, the strike is illegal." The labor confederation vowed to go ahead with the strike despite a new labor law supported by the government, big business and union representatives, who reluctantly acknowledged the need for layoffs un-

der certain circumstances during the current economic crisis. The confederation is also demanding that the government bolster social welfare as well as force the chaebol to share the pain by trimming back high-flying operations. Mr. Shin said Hyundai had not reached a final decision on layoffs even though as many as 8,000 were no longer needed. Mr. Shin said the company had asked authorities to stop any protest, and reinforced police units were posted outside the main Hyundai Motor plant in the city of Ulsan. Workers at two nearby Hyundai companies, Hyundai Precision, which manufactures cargo containers, vans and utility vehicles, and Hyundai Motor Service, were also expected to join the strike. Ulsan, where nine Hyundai companies have factories, has been the scene of intermittent strikes, often violent, for the past decade.

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## Thailand Outlines Eased Fiscal Policy

**Bangkok** — The government said Tuesday it would cautiously relax its austere fiscal policy to help the slumping economy and laid out a series of economic targets as part of a new letter of intent to be presented to the International Monetary Fund. Analysts said the new targets were realistic but voiced concern that the key question of Thailand's tight monetary policy had not been adequately addressed. Finance Minister Tarrin Nimmanahaeminda said at a news conference that extra public spending was essential because Thailand's recession was more severe than expected. An easing of fiscal policy was now possible, he said, because of improvements in the country's

foreign reserves and current account and a more stable baht. He spoke after winning cabinet approval for a fourth letter of intent, which must be approved by the IMF, from which the government hopes to get a further \$800 million in loans. The loans would come from a \$17.2 billion IMF-sponsored bailout received by Thailand last August. More than \$10 billion has already been received. Mr. Tarrin said the government planned about 50 billion baht (\$1.28 billion) in additional spending in 1998 and 1999 to stimulate the economy and raise public consumption. "Half of the extra expenditure would be earmarked for cushioning the adverse social impact arising from current economic problems," he said.

## COKE: Soft-Drink Giant Aims to Spread Enterprise (and Raise Sales) in Africa

Continued from Page 15

cents a bottle (in returnable glass bottles), is relatively cheap in Africa compared with its prices in the United States and Europe. Africans drink far more water, fruit juice and other beverages. The market is "grossly underdeveloped with some very large populations," said Andrew Conway, a beverage analyst with Morgan Stanley. But not everyone agrees that getting the world's poorest, most undernourished continent to double its consumption of a sugar-filled, nutritionally empty beverage is a good thing. "The direct adverse public-health effect is mostly on teeth," said David Sanders, a professor of public health at University of the Western Cape. "As for indirect effects — it's an inefficient use of a low income. If people are encouraged to spend some of their meager incomes on empty calories, they won't have money to spend on more nutritious foods." In an interview, Mr. Ivester said he had personally researched the nutrition question. "Actually, our product is quite healthy," he said. "Fluid replenishment is a key to health, and when you have a population that has appropriate fluid intake, what you find is they have a lot less kidney problems and kidney disease." Although the World Health Organization says that kidney disease ranks low on the long list of illnesses that afflict Africans, Mr. Ivester said he had spent time with scientists who specialized in the issue and said, "Some of them will tell

you Coca-Cola does a great service because it encourages people to take in more and more liquids." Coca-Cola prides itself on promoting entrepreneurship, something the continent badly needs. A hawker who can raise \$7 to buy a case can sell it quickly on a hot day and reinvest the profits in more. S'bu Mngadi, chief spokesman for Coca-Cola Southern Africa, pointed proudly to the Kunene brothers of Mpumalanga, South Africa, who started out as spaza shop owners selling Coke and now own a multimillion-dollar bottling business. Coke also does charitable work in Africa, paying for mobile clinics and college scholarships to the tune of about \$7 million a year. Mr. Mngadi said, although Mr. Sanders dismissed that amount as "peanuts" relative to its sales. Still, Coke's per-case profit margins are lower in Africa than in many other parts of the world. One analyst, Emanuel Goldman of PaineWebber, estimates profit in the region at about 24 cents a case last year, up 5 percent over 1996 but still only two-thirds of the company average. In any case, the terrain for expansion is tough. Twelve of the continent's 55 countries have fought civil wars in the last decade. Some major highways are pocked with potholes big enough to flip a truck. In Angola and the former Zaire, trucks risk land mines and ambushes by soldiers turned bandits. But as far as competitors go, Coke has the territory pretty much to itself. Coca-Cola never really left

South Africa, even during the years of anti-apartheid sanctions. The company moved its syrup plant to Swaziland, a tiny nation virtually inside South Africa, selling off its bottling interests, but it continued to advertise and sell in South Africa. Pepsi, which did honor the sanctions and pull out, has twice tried to get back in and twice failed. It is now sold in only 11 African countries but holds a 50 percent market share in Uganda and has a strong presence in Ethiopia and Nigeria. Most significantly, Africa is less of a priority for Pepsi, which is focusing on India, China and Russia, though it doesn't exactly admit that. "We think there's a lot of growth opportunity in Africa," said a Pepsi-Cola International spokesman, Keith Hughes, "and we intend to continue building a solid business to tap that." Overall, Coke has a 79 percent share of the tiny African soft-drink market. "Coke's biggest obstacle to growth in the region," says Michael Branca, a beverage industry analyst with Lehman Brothers, "is themselves." On his 1997 trip, Mr. Ivester personally discovered the region's potential during an impromptu stop along the road between Johannesburg and Soweto. "There was a squatters' camp that had arisen there, with people coming from Mozambique and the outlying territories," Mr. Ivester recalled. "I ran across this guy who was selling ice cream. I start-

ed interviewing him about how much ice cream he sold, where he got it, how much money he was making. It was clear to me that an entrepreneurial environment exists at all levels of society, even in these squatter camps." Coke currently has one anchor bottler, Coca-Cola Sabco, based in Port Elizabeth, in which it holds a 21 percent stake, and scores of smaller ones. Some analysts predict it will soon assemble at least one more anchor bottler — an important step, because it is through these bottlers that the company tries to reach its marketing and sales objectives. It vastly prefers to use fewer and more efficient bottlers rather than a fragmented network like the one that has slowed its strategy in India. With the new strategy has come mass re-education for the bottlers. Most of them saw their jobs only as selling Coke where people wanted it. The bottler's role, however, is "not just about fulfilling demand but about creating demand," said Carl Ware, president of Coke's Africa group. For example, last year a group of executives visited Angola, which is slowly recovering from decades of civil war, and glimpsed people feasting and dancing by lamplight in town squares late at night. "Our strategy would call for us to get in there and place coolers, to help give people a simple moment of pleasure," said Charles Frenette, recently named Coke's chief marketing officer after two years of running Coca-Cola

South Africa. Coolers are not alone on the Angolan agenda. Last September, Coke signed an agreement with the government to build the bottling plant in Bonjessus, near Luanda. Similar agreements are being negotiated in other countries. The company makes sure most of the materials used in the plants, from the sugar in the processing to the wood in the crates, are locally produced. "As a result," Mr. Ivester said, "we are able to price the product in almost local wage terms so it is affordable." To create new customers, Coke is helping to open shops from Uganda to South Africa. By making irresistible offers — it often pays the entire cost of a kiosk or an ice chest and sponsors business and management classes for budding micro-entrepreneurs — it is generating markets where there might have been none. "The infrastructure in terms of people and equipment that is already in place should enable them to capture per-capita growth as Africa develops," said John Sieber, editor of Beverage Digest, a trade publication, who visited several African countries last month. Moving to the academic sector, the company has set up "Coca-Cola Forums" to train entrepreneurs, usually to work for Coke, at the University of Zimbabwe and the University of Nairobi in Kenya. "What we've seen in South Africa is somebody who starts by standing on a street corner, then moving up to a kiosk," Mr. Frenette said. "We train them in how to merchandise and how to manage their cash."

# L'ORÉAL

## ANNUAL GENERAL SHAREHOLDERS MEETING

The L'ORÉAL Annual General Shareholders meeting was held on Tuesday May 26, 1998 under the chairmanship of Mr. Lindsay OWEN-JONES, Chairman and CEO.

The Shareholders meeting approved the corporate accounts and reviewed consolidated accounts for 1997. Consolidated sales totalled 69.12 billion Francs. Net operating profits for the group share reached 4.2 billion Francs with a net profit per share and investment certificate of 62.21 Francs, up by 12.8%.

The meeting approved the payment of a net dividend of 16 Francs per share and investment certificate, up by 14.3% against 1996.

The meeting also renewed the appointments of Messrs Lindsay OWEN-JONES, Pascal CASTRES SAINT MARTIN, Marc LADREIT de LACHARRIERE and Olivier LECERF, for a duration of four years expiring at the Annual General Shareholders meeting called to approve accounts for year 2001. A new Director, Mr. Francisco CASTANER was appointed for a four year period to replace Mr. Jose DANIEL.

The Shareholders meeting also renewed the mandate of Mr. Pierre FEUILLET as statutory auditor, for six years. Mr. Pierre COLL was appointed as his new substitute statutory auditor. The appointments of a new statutory auditor Mr. Patrice de MAISTRE and of his substitute Mr. Etienne JACQUEMIN were approved for a six year period.

The Annual General Shareholders meeting also renewed the authorization granted to L'ORÉAL to purchase its own shares up to a limit of 1% of its capital.

Following the Shareholders meeting, the Board of Directors reappointed Mr. Lindsay OWEN-JONES as Chairman and CEO, and Mr. Pascal CASTRES SAINT MARTIN as Group executive Vice President. It also set the date of payment of dividend for Friday, June 12, 1998 at all French financial intermediaries.

For further financial information, consult your bank, stockbroker or other financial intermediary and your newspaper or internet <http://www.lorealfinance.com>  
L'ORÉAL - 41 rue Nationale - 92117 Clichy, FRANCE - Tel (33 1) 47 56 70 00 Fax (33 1) 47 56 80 02



The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

12 Month Avg. Low	Stock	Div	Yld	PE	100% High	Last	Lowest	Open
A-B-C								
20	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
21	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
22	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
23	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
24	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
25	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
26	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
27	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
28	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
29	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
30	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
31	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
32	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
33	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
34	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
35	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
36	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
37	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
38	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
39	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
40	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
41	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
42	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
43	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
44	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
45	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
46	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
47	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
48	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
49	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
50	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
51	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
52	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
53	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
54	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
55	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
56	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
57	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
58	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
59	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
60	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
61	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
62	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
63	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
64	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
65	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
66	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
67	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
68	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
69	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
70	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
71	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
72	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
73	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
74	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
75	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
76	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
77	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
78	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
79	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
80	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
81	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
82	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
83	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
84	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
85	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
86	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
87	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
88	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
89	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
90	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
91	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
92	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
93	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
94	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
95	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
96	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
97	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
98	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
99	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00
100	ABC	1.00	4.00	15.00	100.00	95.00	90.00	92.00

[illegible][illegible][illegible][illegible][illegible]

**Tuesday's 4 P.M. Close**

[illegible][illegible][illegible][illegible]

12 Month	High	Low	Close	Div Yld	PE	1995 High	Low	Latest	Change
124	100	78	78	1.24	10.1	73	72	72	124
125	7	7	7	0.00	8.3	7	7	7	7
126	25	25	25	0.00	15.1	25	25	25	25
127	25	25	25	0.00	15.1	25	25	25	25
128	25	25	25	0.00	15.1	25	25	25	25
129	25	25	25	0.00	15.1	25	25	25	25
130	25	25	25	0.00	15.1	25	25	25	25
131	25	25	25	0.00	15.1	25	25	25	25
132	25	25	25	0.00	15.1	25	25	25	25
133	25	25	25	0.00	15.1	25	25	25	25
134	25	25	25	0.00	15.1	25	25	25	25
135	25	25	25	0.00	15.1	25	25	25	25
136	25	25	25	0.00	15.1	25	25	25	25
137	25	25	25	0.00	15.1	25	25	25	25
138	25	25	25	0.00	15.1	25	25	25	25
139	25	25	25	0.00	15.1	25	25	25	25
140	25	25	25	0.00	15.1	25	25	25	25
141	25	25	25	0.00	15.1	25	25	25	25
142	25	25	25	0.00	15.1	25	25	25	25
143	25	25	25	0.00	15.1	25	25	25	25
144	25	25	25	0.00	15.1	25	25	25	25
145	25	25	25	0.00	15.1	25	25	25	25
146	25	25	25	0.00	15.1	25	25	25	25
147	25	25	25	0.00	15.1	25	25	25	25
148	25	25	25	0.00	15.1	25	25	25	25
149	25	25	25	0.00	15.1	25	25	25	25
150	25	25	25	0.00	15.1	25	25	25	25
151	25	25	25	0.00	15.1	25	25	25	25
152	25	25	25	0.00	15.1	25	25	25	25
153	25	25	25	0.00	15.1	25	25	25	25
154	25	25	25	0.00	15.1	25	25	25	25
155	25	25	25	0.00	15.1	25	25	25	25
156	25	25	25	0.00	15.1	25	25	25	25
157	25	25	25	0.00	15.1	25	25	25	25
158	25	25	25	0.00	15.1	25	25	25	25
159	25	25	25	0.00	15.1	25	25	25	25
160	25	25	25	0.00	15.1	25	25	25	25
161	25	25	25	0.00	15.1	25	25	25	25
162	25	25	25	0.00	15.1	25	25	25	25
163	25	25	25	0.00	15.1	25	25	25	25
164	25	25	25	0.00	15.1	25	25	25	25
165	25	25	25	0.00	15.1	25	25	25	25
166	25	25	25	0.00	15.1	25	25	25	25
167	25	25	25	0.00	15.1	25	25	25	25
168	25	25	25	0.00	15.1	25	25	25	25
169	25	25	25	0.00	15.1	25	25	25	25
170	25	25	25	0.00	15.1	25	25	25	25
171	25	25	25	0.00	15.1	25	25	25	25
172	25	25	25	0.00	15.1	25	25	25	25
173	25	25	25	0.00	15.1	25	25	25	25
174									

13 Month	High	Low	Stock	Div Yld	P/E	1985 High	Low	Latest Change
274	149	146	United Nat			34	37	26 1/2 -1 3/4
275	150	147	US Airways			14	14	27 1/2 -1 1/2
276	150	147	US Banc			19	19	27 1/2 -1 1/2
277	150	147	US Banc			19	19	27 1/2 -1 1/2
278	150	147	US Banc			19	19	27 1/2 -1 1/2
279	150	147	US Banc			19	19	27 1/2 -1 1/2
280	150	147	US Banc			19	19	27 1/2 -1 1/2
281	150	147	US Banc			19	19	27 1/2 -1 1/2
282	150	147	US Banc			19	19	27 1/2 -1 1/2
283	150	147	US Banc			19	19	27 1/2 -1 1/2
284	150	147	US Banc			19	19	27 1/2 -1 1/2
285	150	147	US Banc			19	19	27 1/2 -1 1/2
286	150	147	US Banc			19	19	27 1/2 -1 1/2
287	150	147	US Banc			19	19	27 1/2 -1 1/2
288	150	147	US Banc			19	19	27 1/2 -1 1/2
289	150	147	US Banc			19	19	27 1/2 -1 1/2
290	150	147	US Banc			19	19	27 1/2 -1 1/2
291	150	147	US Banc			19	19	27 1/2 -1 1/2
292	150	147	US Banc			19	19	27 1/2 -1 1/2
293	150	147	US Banc			19	19	27 1/2 -1 1/2
294	150	147	US Banc			19	19	27 1/2 -1 1/2
295	150	147	US Banc			19	19	27 1/2 -1 1/2
296	150	147	US Banc			19	19	27 1/2 -1 1/2
297	150	147	US Banc			19	19	27 1/2 -1 1/2
298	150	147	US Banc			19	19	27 1/2 -1 1/2
299	150	147	US Banc			19	19	27 1/2 -1 1/2
300	150	147	US Banc			19	19	27 1/2 -1 1/2
301	150	147	US Banc			19	19	27 1/2 -1 1/2
302	150	147	US Banc			19	19	27 1/2 -1 1/2
303	150	147	US Banc			19	19	27 1/2 -1 1/2
304	150	147	US Banc			19	19	27 1/2 -1 1/2
305	150	147	US Banc			19	19	27 1/2 -1 1/2
306	150	147	US Banc			19	19	27 1/2 -1 1/2
307	150	147	US Banc			19	19	27 1/2 -1 1/2
308	150	147	US Banc			19	19	27 1/2 -1 1/2
309	150	147	US Banc			19	19	27 1/2 -1 1/2
310	150	147	US Banc			19	19	27 1/2 -1 1/2
311	150	147	US Banc			19	19	27 1/2 -1 1/2
312	150	147	US Banc			19	19	27 1/2 -1 1/2
313	150	147	US Banc			19	19	27 1/2 -1 1/2
314	150	147	US Banc			19	19	27 1/2 -1 1/2
315	150	147	US Banc			19	19	27 1/2 -1 1/2
316	150	147	US Banc			19	19	27 1/2 -1 1/2
317	150	147	US Banc			19	19	27 1/2 -1 1/2
318	150	147	US Banc			19	19	27 1/2 -1 1/2
319	150	147	US Banc			19	19	27 1/2 -1 1/2
320	150	147	US Banc			19	19	27 1/2 -1 1/2
321	150	147	US Banc			19	19	27 1/2 -1 1/2
322	150	147	US Banc			19	19	27 1/2 -1 1/2
323	150	147	US Banc			19	19	27 1/2 -1 1/2
324	150	147	US Banc			19	19	27 1/2 -1 1/2
325	150	147	US Banc			19	19	27 1/2 -1 1/2
326	150	147	US Banc			19	19	27 1/2 -1 1/2
327	150	147	US Banc			19	19	27 1/2 -1 1/2
328	150	147	US Banc			19	19	27 1/2 -1 1/2
329	150	147	US Banc			19	19	27 1/2 -1 1/2
330	150	147	US Banc			19	19	27 1/2 -1 1/2
331	150	147	US Banc			19	19	27 1/2 -1 1/2
332	150	147	US Banc			19	19	27 1/2 -1 1/2
333	150	147	US Banc			19	19	27 1/2 -1 1/2
334	150	147	US Banc			19	19	27 1/2 -1 1/2
335	150	147	US Banc			19	19	27 1/2 -1 1/2
336	150	147	US Banc			19	19	27 1/2 -1 1/2
337	150	147	US Banc			19	19	27 1/2 -1 1/2
338	150	147	US Banc			19	19	27 1/2 -1 1/2
339	150	147	US Banc			19	19	27 1/2 -1 1/2
340	150	147	US Banc			19	19	27 1/2 -1 1/2
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343	150	147	US Banc			19	19	27 1/2 -1 1/2
344	150	147	US Banc			19	19	27 1/2 -1 1/2
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346	150	147	US Banc			19	19	27 1/2 -1 1/2
347	150	147	US Banc			19	19	27 1/2 -1 1/2
348	150	147	US Banc			19	19	27 1/2 -1 1/2
349	150	147	US Banc			19	19	27 1/2 -1 1/2
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374	150	147	US Banc			19	19	27 1/2 -1 1/2
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401	150	147	US Banc			19	19	27 1/2 -1 1/2
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424	150	147	US Banc			19	19	27 1/2 -1 1/2
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436	150	147	US Banc			19	19	27 1/2 -1 1/2
437	150	147	US Banc			19	19	27 1/2 -1 1/2
438	150	147	US Banc			19	19	27 1/2 -1 1/2
439	150	147	US Banc			19	19	27 1/2 -1 1/2
440	150	147	US Banc</					

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## SPORTS

# Miller's Clutch 3-Pointer Gives the Pacers New Life

By Michael Wilbon  
Washington Post Service

INDIANAPOLIS — The NBA Finals will not begin Sunday. When they do begin, the Chicago Bulls may not be there to represent the Eastern Conference.

After winning the first two games of this best-of-seven series, the Bulls swaggered down here looking for a four-game sweep. But they staggered back to Chicago in a 2-2 tie with the Pacers, who are full of confidence and hope.

## NBA PLAYOFFS

after Reggie Miller's three-pointer with seven seconds left of the second game Monday gave Indiana a dramatic and controversial 96-94 victory in a mad, mad Market Square Arena.

Somewhat, even after Miller's shot, Michael Jordan managed to get off a clean three-point attempt that would have won the game for Chicago. It banked off the glass, then swirled around the rim before rolling out.

"Looked like it was in all the way," the Pacers coach, Larry Bird, said. "I knew he was going to get open somehow."

After the game, the Bulls coach, Phil Jackson, trashed the referees and suggested that Miller had thrown a punch at Ron Harper of Chicago in a tangle of bodies on the Bulls bench with play stopped and 4.7 seconds remaining.

Television replays showed that Miller, after being pulled out of bounds and into the Bulls bench by Harper — no foul was called — appeared to throw a punch at Harper's chest and neck. No technical foul was called, and Miller remained in the game to hit the winning shot.

"They acted like they're afraid, the referees, on this court," Jackson said. Miller shot back: "Them, of all people, should not be talking about holding, hitting, pushing." Referring to Jordan, he snapped: "How do you think we get so open on all of those last-second shots?"

Miller also denied throwing a punch. "I'm not dumb enough to throw a punch in a playoff game," he said. "I was

pushing my way out of there."

The Bulls could be in a lot more trouble than simply being tied in this series, which moves back to Chicago on Wednesday for Game 5, then back here Friday for Game 6, and perhaps back to Chicago on Sunday for Game 7. For the second straight game, the Bulls blew a second-half lead. Chicago led by as many as a dozen points and held an 85-77 advantage with seven minutes to play.

But turnovers and missed free throws doomed the Bulls, as was the case Saturday. Just like in Game 3, a gimpy Miller played heroically on a sprained right ankle while Jordan and Scottie Pippen made critical mistakes. For all of Chicago's complaining, the Bulls probably would have won if Jordan hadn't committed six turnovers. Or if Pippen had made a pair of foul shots with 4.7 seconds left and Chicago up 94-93.

The Bulls built their 12-point lead with great passing, but shooting (55.7 percent for the game) and Dennis Rodman's 16 rebounds, but the Pacers stayed close.

Jordan suffered a cut over the right eye when he was poked by Rik Smits in the first quarter. The cut had to be stitched after the game.

Medical treatment couldn't really help Miller. "I shouldn't have been out there," he said. "I couldn't cut, couldn't drive. When I was out there warming up, I thought, 'I'm kidding myself.'"

The final 52 seconds were a whirl of activity — pushing, shoving and whistles blowing. Jordan, who led scorers with 28 points, hit a jumper to put the Bulls ahead 94-91 with 52.7 seconds left. The Indiana backup point guard Travis Best hit a jumper with 33.5 seconds left to pull the Pacers within 94-93.

Chicago was looking to run the clock down and get Jordan a shot or a trip to the foul line, but Rodman was called for an offensive foul while trying to set a screen on Derrick McKey with 21.8 seconds left. That enraged Phil Jackson, who later said it was "an awful call."

Jordan blocked McKey's shot in the corner with 6.4 seconds left, but Bird



Reggie Miller going up for the shot that lifted the Pacers over the Bulls.

refused to use his final timeout. When Harper deflected McKey's inbound pass on the next sequence and the ball was fouled by Pippen, who was fouled with 4.7 seconds left, Bird looked like a genius.

Pippen missed both foul shots, and Jordan deflected the ball out of bounds with 2.9 seconds to play. The referee Ronnie Nunn called for a jump ball, but Hugg Evans overruled and awarded possession to the Pacers.

Using that final timeout, Bird was able to draw up a play. The first option, of course, was Miller. The second was to get the ball inside to Smits. "If you get him an open look," Bird said of Miller, "he's going to make it."

It was Miller's only shot of the fourth quarter. "They had many, many opportunities they didn't deserve," Jackson said. "We have to be champs and prevail, and this is what our challenge is now."

# Unstoppable Yankees

Irabu Strikes Out 6 as White Sox Fall, 12-0

Compiled by Dan Seltman from Dan Seltman

About four months remain in this season, and already white flags are being raised before the New York Yankees.

Only the Washington Generals, the foil of the unbeatable Harlem Globetrotters, could truly understand what went through the minds of the Chicago White Sox on Monday night when the Yankees came to town and steamrolled them, 12-0. But it was plain to see they were totally disheartened.

The Yankees scored six runs before

## BASEBALL ROUNDUP

Chicago retired two batters in the first inning, and Hideki Irabu was overpowering, allowing only six hits. He also struck out six and lowered his earned-run average to 1.13, the best in the league, for the first shutout of his career.

The numbers are getting out of control: The Yankees are 34-10 and lead the American League East by seven games. They have won 33 of their last 39 games, for a winning percentage of .846. They have won 18 of their last 22 road games.

These Yankees have won their last three games (two against Boston, one against the White Sox) by a combined score of 38-7. The Yankees lead the league in pitching, they are hitting over .300 as a team, they are averaging a league-high 6.55 runs a game and they have allowed only two unearned runs in May.

Blue Jays 7, Red Sox 5 In Boston, Jose Canseco, Jose Cruz Jr. and Shawn Green bopped in Pedro Martinez's worst outing of the season as streaking Toronto beat the Red Sox. Martinez (5-1) allowed seven runs and 12 hits in 7 1/2 innings.

Indians 7, Tigers 4 David Bell, facing his father Buddy's team for the first time, got a clutch hit as Cleveland beat visiting Detroit.

Buddy Bell, who played for and coached the Indians before becoming manager of the Tigers, watched 25-year-old David break a 2-2 tie with a two-run double in the sixth off Frank Castillo (2-2).

Athletics 8, Devil Rays 2 In Oakland, Mike Quist (1-3) won for the first time in nine starts this season, and Mike MacFarlane homered twice. Scott Spiezio added a solo homer for the Athletics, who have won their first three games against the expansion Devil Rays.

Royals 6, Angels 4 Tim Lincecum won despite a first-inning grand slam by Garrett Anderson, and the visiting Royals converted two errors by Anaheim's outfield into five fifth-inning runs.

Twins 9, Rangers 3 Jon Shave had three hits, including his first major league homer, and Minnesota scored eight runs in the third inning off Darren Oliver (2-5) as the Twins beat the Rangers in Arlington, Texas.

Mariners 12, Orioles 4 In Seattle, Alex Rodriguez hit his AL-leading 19th homer and Russ Davis drove in four runs as the Mariners beat Baltimore.

In National League games:

Rockies 6, Cardinals 1 In St. Louis, Mark McGwire became the first major league player ever to hit 25 homers before June 1, but John Thomson then shut down the Cardinals and led Colorado to victory.

Giants 3, Reds 1 Barry Bonds hit a three-run homer in the third inning off Pete Harnisch (4-1), and Orel Hershiser (4-3) finished the month of May with a 4-0 record. San Francisco woo for the eighth time in 12 games.

Dodgers 4, Astros 3 In Houston, Gary Sheffield homered leading off the 10th inning as Los Angeles won after wasting a 3-0 lead. Houston stranded 17 runners, including nine in the first three innings.

Braves 9, Cubs 5 In Atlanta, Kevin Millwood (7-1) allowed five hits in seven innings, and Curtis Pride had a pair of hits and two RBIs. Pride was ejected along with the Cubs' catcher, Sandy Martinez, when they brawled after a collision at home plate.

Phillies 5, Expos 3 Rico Brogna hit a two-run double off Shane Bennett (1-3) with two outs in the 14th inning to lift visiting Philadelphia.

Diamondbacks 3, Padres 2 In Phoenix, Andy Ashby allowed the go-ahead run to score on a wild pitch in the eighth, and San Diego lost three straight for the first time this year. (NLT/AP)

# Women Athletes Slowly Emerge From Behind the Veil in Iran

By Jere Longman  
New York Times Service

TEHRAN — Dressed in a scarf and a long blue coat, Lida Farman practiced her target shooting on a recent afternoon, looking down the barrel of her rifle toward the Asian Games this year and the 2000 Summer Olympics in Sydney, where she hopes to be a competitive athlete, not simply a pioneer.

It hardly mattered that Farman finished 46th among 49 competitors in her target-shooting event at the 1996 Summer Olympics in Atlanta. Far more significant was her status as the first woman from Iran to participate in the Summer Games since the 1979 Islamic revolution and the first woman ever to carry the flag for her country in the opening Olympic ceremonies.

"This was very important for Iranian women," said Bahar Tavakoli, 31, who is studying to be a coach at the University of

Physical Education. "All over the world, people think we are to prison behind the veil, that we can't do anything. It's not true."

Prompted in large part by Faezeh Hashemi, an outspoken member of Parliament and the daughter of former President Ali Akbar Hashemi Rafsanjani, Iranian women are taking part in competitive and recreational sports in unprecedented numbers.

Hashemi, who is vice president of the Iranian Olympic Committee, said roughly 2 million Iranian women participated in some form of sport, compared with 400,000 two years ago and 10,000 before the Islamic revolution began in the late 1970s.

Whatever the recent relaxations of fundamentalist traditions, though, women still participate in sports in some uniquely circumscribed ways: Those who run do so not only in sneakers but in long coats and pants and scarves; the country's aspiring downhill skiers are not likely to be competitive

soon, in light of the fact that the skin-tight, aerodynamically advantageous ski outfits are still deemed too provocative; women who water-ski must wear a waterproof coat and a scarf, which can be dangerous as well as cumbersome; and women can only watch soccer on television, not enter the actual stadiums.

But the changes, often profound, sometimes quite nuanced, can be seen across the country.

Schoolgirls again can play soccer, the national sport that was banned for women during the revolution, and many recreational sports are no longer segregated by gender in Tehran's city parks. Visitors to Mellat Park in central Tehran in the early morning can see men and women jogging together and playing ping-pong. In the afternoon in Laleh Park, women go in-line skating and play recreational soccer with men.

In the most private of Tehran's sports clubs, men and women sometimes even swim together.

Sport is hardly the greatest achievement of Iranian women, who can vote, hold office and work as teachers, lawyers and doctors or in business; nor is it the most urgent concern in an Islamic nation where women cannot work, or get a passport without a husband's permission, where they must have a father's written consent to marry, where they can be divorced for no reason and where, with few exceptions, they automatically lose custody of their children when a marriage dissolves.

Still, Hashemi, 35, a mother of two who favors lumberjack shirts, jeans and sneakers under her black chador, views sports for women as an essential means of cultural reform, and the breakthroughs in participation and competition, she says, reflect the incremental freedoms gained since last year with the election of the relatively moderate President Mohammad Khatami, who is widely supported by women.

Essentially, the same games and

sports available to Iranian men are available to women, from chess to karate. Occasionally, women compete against men in equestrian events. When competing indoors, women can wear shorts and T-shirts to play such sports as basketball and volleyball, but men, and especially photographers, are not allowed to watch. Women wear Western-style ski suits on the slopes, as long as the outfits are not too tight and include a hat or scarf.

There are still clerics and others who argue that sports for women are barred by the Koran. Others protest it as trifling and sexually suggestive. But Hashemi, president of the Islamic Countries' Women's Sports Solidarity Council, and many women say those arguments are born of a misreading of religious texts and of narrow-minded political reasons.

"Some believe that if women have the opportunity to do what they want in sports, they will take advantage and be free in every field," Hashemi said.

# Capitals Win in OT

The Associated Press  
WASHINGTON — Todd Kryger, a defenseman who scored only two goals all season and didn't even play in 37 games, skated onto the ice at the

## NHL PLAYOFFS

start of an overtime shift and found Andrei Nikolishin's pass at his feet between the face-off circles.

Kryger blasted a shot past Dominik Hasek's glove side 3:01 into the extra period, giving the Washington Capitals a 3-2 victory over the Buffalo Sabres on Monday night and tying the Eastern Conference Finals at one game apiece.

The victory, which snapped Buffalo's eight-game winning streak, was the first for the Capitals in a

conference finals to franchise history. Washington was swept by Boston in its only previous appearance in 1990.

Games 3 and 4 will be in Buffalo on Thursday night and Saturday.

President Bill Clinton was at the game, sitting with Vice President Al Gore. Mr. Clinton was the first sitting president to attend an NHL game, the league said, but he left at the end of regulation time and didn't see the game-winning goal.

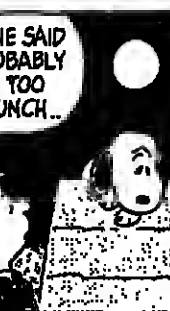
Buffalo needed a gift goal to get to overtime. The Capitals appeared to have the victory in hand until Esa Tikkanen deflected Barnaby's slapshot between goaltender Olaf Kolzig's legs and into his own net with 56 seconds remaining in regulation.

## DENNIS THE MENACE

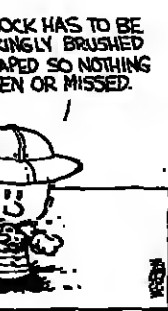


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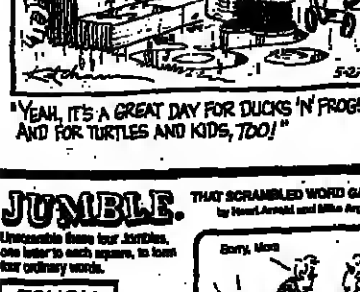
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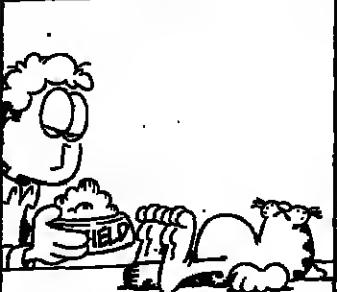
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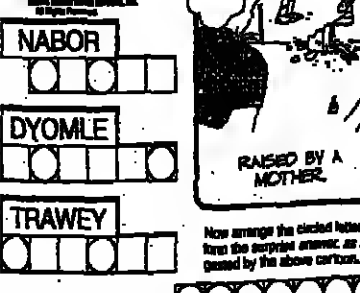
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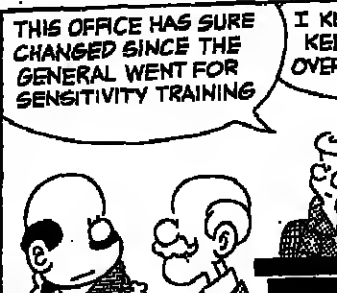
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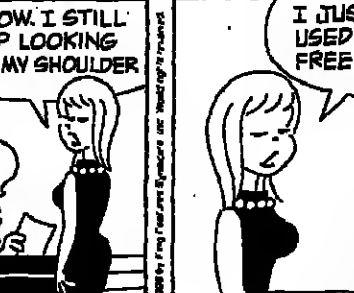
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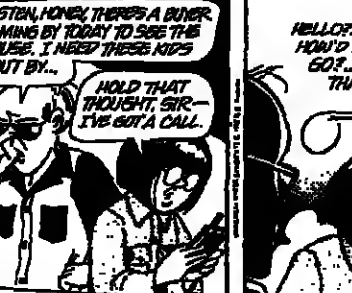
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## OBSERVER

## The Isolationist Blues

By Russell Baker

NEW YORK — When someone says "Indians," most Americans probably think of gambling-casino operators. So isolationist have we become.

Even Washington's best minds were astonished to learn that the Indians were exploding atom bombs.

I am not saying we are so dumb we don't remember that a place called "India" can be found on a map by anybody who scored 1590 on the SATs. India is where "Gunga Din" was set. Or was it Pakistan? Whatever.

So after remembering that there is an India, Washington biggies were very cross. India had been a schoolboy, the teacher would have sent a testy note home to its mother.

□

Instead, America is going to cut off India's goodies. That is its usual punishment for countries that irritate it. When you've got a country that needs to be taught a good lesson, cut off its goodies. Cuba, Iraq, Libya, Iran — no more goodies for them until they start behaving themselves.

India is not the only country that bores Americans except when it's irritating them. Who can name the president of France, the prime minister of Canada? Who cares what's happened lately in Cairo, Athens, Krasnoyarsk?

The people who run the world's big international corporations, that's who. As our most fervent capitalists are always explaining, the future lies in the global marketplace, kids, so don't let hometown sentimentality about American jobs and industry make you do something stupid.

Big-time U.S. businesses with political muscle have forced the politicians to stay awake about matters Chinese, for instance, but without smart capitalists leaning on them, the Clinton people seemed to forget that India was around.

So did the press. The media are mostly just as isolationist as the rest of the political culture. The story that does not entertain has a hard time getting coverage, electronic or print. The theme song of the American media these days should be "Let Me Entertain You."

□

Before isolationism became stifling, tube-watching America would probably have seen somebody in New Delhi pointing out that while the United States might adore nuclear China, India tended to view it as a potentially hostile power on its border.

Doesn't sound very entertaining, does it?

Most of what passes for foreign news is stuff of the Princess Di variety. Newsstands are infested with it. The network news stints on coverage of everything east of New York and west of Washington, but give them a Princess Di funeral and they dispatch their anchors across oceans. Anchors, for Heaven's sake! Men who earn nearly as much as baseball players.

Give them a Pope going head-to-head with exasperating Castro, and off go the anchors to Cuba until Monica Lewinsky makes the scene, whereupon it's "So long, Holy Father, we hear America crying, 'Monica, you anchors! Give us total Monica!'"

The rain forests burn. Mexico falls into ruin. India tests an H-bomb. The old arms race begins again.

New York Times Service

## Film Shines a Japanese Light on World War II

By Kevin Sullivan and Mary Jordan  
Washington Post Service

TOKYO — Finally, a feel-good World War II movie for the Japanese.

"Pride, the Fateful Moment" turns the tables on generations of Hollywood war films in which decent American military heroes avenge the atrocities of Japanese militarists who are almost comically sneaky and evil in their little brimmed hats.

The film, which opened Saturday with police guards stationed at many theaters, is gathering steam here like a locomotive. In it, Americans are drawn as cartoonish bad guys — big, awkward, mean and vindictive braggarts who trample all over the humble and mild-mannered Japanese of postwar U.S. occupation. The Americans shout, sweat, rage and connive. The Japanese speak politely, love deeply and suffer their boorish conquerors with dignity.

A major picture from one of Japan's leading studios, Toei Co., "Pride" tells the story of General Hideki Tojo, the prime minister who led much of Japan's war effort. Hanged as a war criminal in 1948, Tojo emerges in this movie as a loving husband and gentle grandfather with an admirable devotion to his emperor and his nation.

Fifty years after the war, a remarkable perception gap still exists between Japan and the rest of the world. The nation's stance on World War II remains a central element of its relationship with China, South Korea and other Asian countries that suffered at the hands of Japanese soldiers. Many are still deeply angry at what they see as Japan's lack of remorse, and "Pride," which its producers hope will be released in the United States, is certain to re-ignite that anger.

The film is a splash of Hollywood as can be — a splash of documentary in a sea of entertainment, the genre perfected by Oliver Stone in "JFK" and "Nixon." In this treat-

ment, the man who helped make "Banzai" a terrifying household word in American homes becomes a pretty sweet old duffer. Tojo, apparently, loved nothing more than raising tomatoes with his wife.

Certainly, many Japanese don't agree. Ezra Vogel of Harvard University, one of America's leading scholars on Japan and China, said that the philosophy expressed in the movie represents "only one Japanese view of things," and that many Japanese believe the war-era military was never held fully accountable for its conduct.

Yukio Matsuyama, a professor of American politics in Tokyo and former chief editorial writer for the influential Asahi Shimbun, shook his head after a recent screening of the movie. "Counterproductive," he said. "The movie may encourage hawkish, conservative people, but will have scarcely any influence over the majority. I hope our youngsters will be influenced by it."

Portrayed by Masahiko Tsugawa, one of Japan's foremost actors, Tojo comes across the way many Japanese continue to see Japan's conduct in the war: honorable, if ultimately mistaken and overzealous in its pursuit of it.

For many in the West, Tojo's mustache and shaved head have come to symbolize the militarism and fanaticism that produced the kamikaze pilots and the gory battles of Okinawa and two Jima. But in this movie, Tojo's only fanaticism is his devotion to duty and to nation. His shaved head here suggests wisdom, his impassive face strength and decency. His mustache becomes a plaything for the cute, chubby fingers of an adoring grandson.

"I wanted to depict Tojo as a human being — not a hero, but a human being trapped by history," said Hideaki Kase, a political historian who was a driving force behind the movie. "We wanted to present to Japan and the world that Japan is not solely responsible for the Pacific war and that the so-called Tokyo Trial was unjust, illegal and unfair."



General Hideki Tojo visiting a shrine to the war dead in 1941.

The central dramatic device of "Pride" is the trial — the International Military Tribunal for the Far East. In Japan's version of the Nuremberg trials in Germany, Tojo and six other defendants were sentenced to hang. The trial is depicted as an act of revenge dressed up as a legal proceeding. The lead American prosecutor is shown hissing privately to the chief judge that the trial is not about justice, but Washington's desire to completely humiliate and neutralize Japan.

On screen several of the justices, as well as the American and Japanese lawyers assigned to defend the military leaders, raise questions about the trial's fairness. How could the victors, who had suffered enormous casualties at the hands of the Japanese military, fairly judge the accused?

When Tojo's lawyers ask why the defendants' crimes were any worse than dropping an atomic bomb on civilians in Hiroshima and Nagasaki, the movie shows how prosecutors interrupted the Japanese translation and censored the remarks in the press and official trial record. In fact, the film's portrayal is generally accurate. But by showcasing the flaws of the trial, the filmmakers are clearly attempting to suggest that other historical interpretations of the war are also wrong.

The film presents grisly testimony from a priest who says he was present in Nanjing during the infamous slaughter of hundreds of thousands of Chinese. But under

cross-examination, he admits he actually witnessed only one killing. The message: Nanjing wasn't as bad as it has been made out. And the larger message: People have been lying about Japan for too long, and it's time for that to stop.

The movie's release coincides with widespread publicity in America for "The Rape of Nanjing," by the American author Iris Chang. The book is a spectacularly graphic account of the rapes, beatings and other murders that Japanese troops committed in 1937 in Nanjing. Chang puts the death toll at more than 300,000. The book has infuriated some historians and others here, who contend that it grossly overstates the death toll and is based on hearsay.

As international criticism of "Pride" has risen, a government spokesman said last week that the movie "in no way reflects the position of the government of Japan." He went on to say that Japan felt "deep remorse and heartfelt apology" for those who "underwent tremendous pain and suffering during the war."

Western scholars say that Japan has not fully opened its archives from the war period. The nation glosses over the struggle in its textbooks and officials are reluctant to examine the era. For decades, discussing the war was taboo.

But that is beginning to change, and "Pride" is part of the cultural shift.

Even though several prime ministers have issued what seem to be sincere apologies for the suffering caused by Japan during World War II, few of its Asian neighbors pay attention. Instead, they talk about their fears that Japan will "rise again," and they insist Japan has never apologized adequately.

Ironically, although Japan is assailed in other countries for not apologizing enough, inside Japan critics condemn the government for failing to respond to what they see as unfair demands for repentance. "Pride, the Fateful Moment" should make those people very happy.

## PEOPLE

selling British pop quintet, was working as a dancer at London's Astoria nightclub when she discovered a lump in her right breast. "I knew that if the lump was cancerous I would lose my breast," Halliwell, 25, told The Sun newspaper. "It was really a tough time. But it made me realize how precious life is." The lump turned out to be benign.

Queen Sophia of Spain returned to Greece for the first time in 17 years. The wife of King Juan Carlos is the sister of Greece's former King Constantine. She left her country in 1962, and returned briefly to attend her mother's funeral in 1981. King Juan Carlos and Queen Sophia were greeted at the start of a five-day visit by President Constantine Stephanopoulos and Prime Minister Costas Karamanlis, but there were no large crowds and they made no public comments.

The rock guitarist Robbie Robertson took home the lifetime achievement award at the first Native American Music Awards. Wayne Newton played host for the ceremony, which was attended by 1,500 people at the Foxwoods Resort Casino in Ledyard, Connecticut. Robertson, who has Mohawk ancestors, was honored for helping open the door to the music world for American Indians. More than 150 musicians were nominated for awards in 20 categories. Jimi Hendrix became the first inductee into the Native American Music Awards Hall of Fame. The guitarist, who died in 1970, had Cherokee ancestry.

The singer, known for her silky rendition of "Stormy Weather," received an honorary degree from Yale University at a graduation ceremony cut short by pouring rain. Lisa Horne, 80, was given a standing ovation as she accepted her honorary doctorate of humane letters. The president of Yale, Richard Levin, praised Horne for her artistic achievements and social activism. "In the stormy weather of a segregated society," he said, "you were a pioneer who refused to be stereotyped."

Sam Yorty, the controversial mayor of Los Angeles in the turbulent 1960s, was admitted to a hospital for an undisclosed ailment. Yorty, 88, was in stable condition at the UCLA Medical Center, a spokeswoman said. His family did not want other information released. Yorty was elected mayor in 1964 despite opposition from fellow Democrats who were incensed when he endorsed Richard Nixon over John Kennedy for president in 1960.

Bill Carley took his time paying off an overdue lawyer's bill. Forty years. Carley, 70, said he never forgot how James Perez helped him with his divorce four decades ago. He just never got around to paying the fee. But he recently tracked down his former lawyer and sent him a check for \$180. Perez said: "I'd like to frame the check and keep it. It restores my faith in humanity."



Ben Chertoff/Agence France Press

VACATION — Prime Minister Tony Blair of Britain is sending his old friend Lynton to a summer festival at the Teddy Bear Museum in Stratford-upon-Avon.

One of the Spice Girls, Geri Halliwell, disclosed Tuesday that she underwent emergency surgery seven years ago to remove a small lump in her breast. The band's spokeswoman said, Halliwell, one of the flamboyant stars in the million-

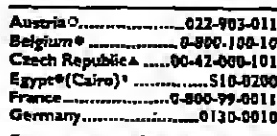
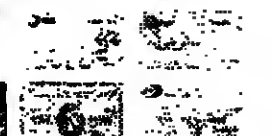


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